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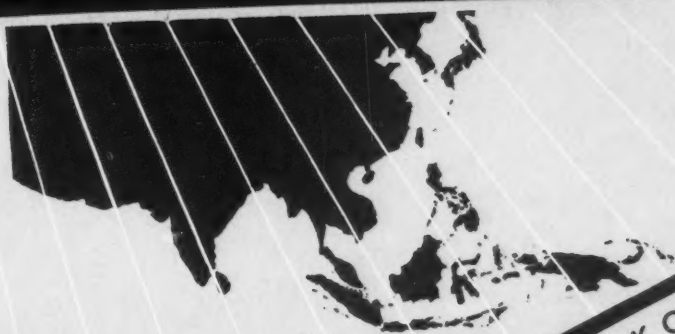
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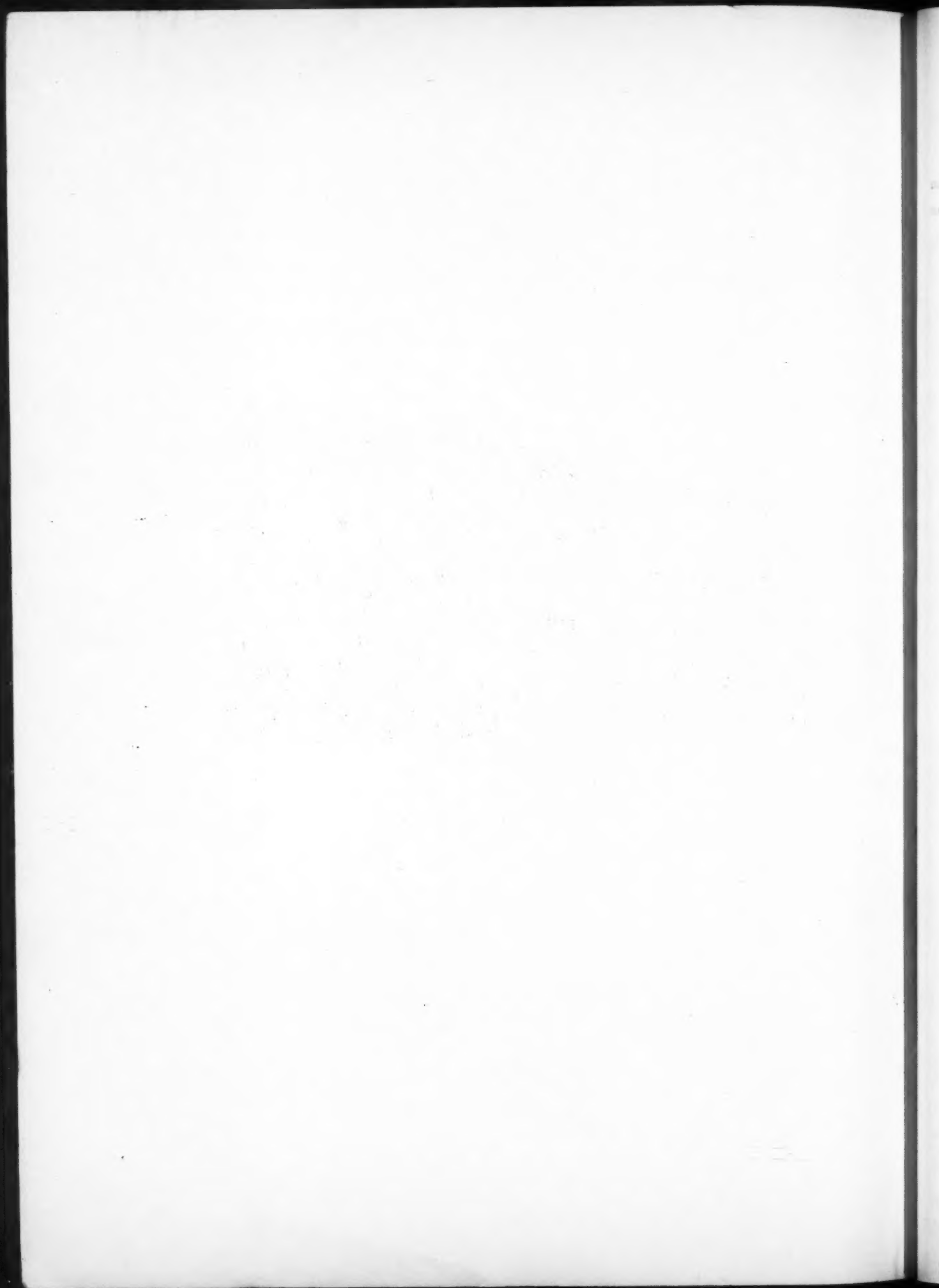
SOCIAL STUDIES



Economic Survey of Asia and the Far East 1960



UNITED NATIONS
BANGKOK 1961



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**ECONOMIC SURVEY
OF
ASIA AND THE FAR EAST
1960**

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Since the 1957 issue, the *Economic Survey of Asia and the Far East* has, in addition to part I on the current economic situation of the region, contained a study on some major aspect, or problem, of Asian economy in part II, as below:

1957: Postwar problems of economic development

1958: Review of postwar industrialization

1959: Foreign trade of ECAFE primary exporting countries

1960: Public finance in the postwar period

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PREFATORY NOTE

The present *Survey* is the fourteenth in a series of reports prepared annually by the secretariat of the Economic Commission for Asia and the Far East. A major object of these *Surveys*, and of the quarterly *Economic Bulletins* which supplement them, is the analysis of recent economic developments in, and affecting, the countries of Asia and the Far East in so far as these developments are shaped by, and help to determine, their policies.

Following the usual pattern, part I of the present report reviews the economic situation in the ECAFE region in 1960, on the basis of the information available to the secretariat up to the time the survey was written (January 1961). Part II is devoted to a review of public finance in the postwar period—the increasing role of the public sector, government expenditure, government revenue and fiscal policies.

The *Survey* is published solely on the responsibility of the secretariat, and the views expressed therein should not be attributed to the Commission or its member governments.

Bangkok, March 1961.

EXPLANATORY NOTE

Reference to "tons" indicates metric tons, and to "dollars", United States dollars, unless otherwise stated.

The term "billion" signifies a thousand million.

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amount is nil or negligible.

A blank in a table indicates that the item is not applicable.

A plus sign (+) indicates a surplus or an increase.

A minus sign (—) indicates a deficit or a decrease.

A full stop (.) is used to indicate decimals.

A comma (,) is used to distinguish thousands, millions and billions.

A hyphen (—) between dates representing years, e.g., 1950-1959, is used to signify the full period involved, including the beginning and end years.

A slash (/) indicates a crop year, fiscal year or plan year, e.g., 1958/59.

The crop years used by ECAFE countries in their agricultural statistics vary according to their agricultural seasons. Except in the more northern countries of the region, where calendar years are generally used, crop years are indicated by split years, running most commonly from the middle of one year to the middle of the following one.

The plan years of the ECAFE countries coincide with their fiscal years as given in the table below, except in the case of China: Taiwan, where the plan year coincides with the calendar year.

In respect of information given, the countries listed below have generally been included, subject to limitations of data.

Country	Fiscal year	Currency and abbreviation	United States cents per unit of currency at end of December 1960
Afghanistan	21 March to 20 March to 1955/56; 21 March to 31 August, in 1956; September to August, from 1956/57	Afghani	2.393 ^a
British Borneo ^b	January to December	Malayan dollar (M\$)	32.67
Burma	April to March 1935-1941; October to September, from 1945	Kyat (K)	21.00
Cambodia	January to December	Riel (Ri)	2.857
Ceylon	October to September	Rupee (Rs)	21.00
China:			
Mainland ^c	January to December	Yuan	42.46
Taiwan ^d	January to December, to 1953; January to June, 1954; July to June, from July 1954	New Taiwan dollar (NT\$)	2.50 ^e
Federation of Malaya	January to December	Malayan dollar (M\$)	32.67
Hong Kong	April to March	Hong Kong dollar (HK\$)	17.50
India	April to March	Rupee (Rs)	21.00
Indonesia	January to December	Rupiah (Rp)	2.222 ^f
Iran	21 March to 20 March	Rial	1.320
Japan	April to March	Yen (Y)	0.278
Korea, southern ^g	April to March, to 1953/54; April to June, 1954/55; July to June (extended to December), 1955/56; January to December 1957	Hwan	0.153 ^h
Laos	July to June from 1957	Kip (Kp)	1.250 ⁱ
Nepal	July to June	Rupee (Rs)	13.157 ^j
Pakistan	April to March, to 1957/58; April to June 1958/59; July to June from 1959/60	Rupee (Rs)	21.00
Philippines	July to June	Peso (P)	50.00
Singapore	January to December	Malayan dollar (M\$)	32.67
Thailand	April to March, to 1939; April to December, 1940; January to December, from 1941 to 1960; January to September, 1961; October to September from 1962		
Viet-Nam, southern ^m	January to December	Baht Piastra (Pr)	4.752 ^k 2.857

^a Free rate, average of seven months ending 22 August 1960; for 22 March 1958/21 March 1959: 1.815, 22 March 1959/21 March 1960: 2.142.

^b British Borneo includes the territories of Brunei, North Borneo and Sarawak.

^c The area under the Central People's Government of the People's Republic of China.

^d The area under the Government of the Republic of China.

^e Unified rate for all transactions after the exchange certificates system was revised with effect from 1 July 1960.

^f Beginning 29 August 1960, rate for all export and invisible receipts. The principal import rates were 1.388 to 2.222 cents per rupiah; the rate for "less essential" imports was 0.5. For details, see *International Financial Statistics*.

^g The area under the Government of the Republic of Korea.

^h Official rate as from 23 February 1960; beginning 1 January 1961, the rate was changed to 0.1 cent. Curb rate: 0.075.

ⁱ Devalued from 2.857 on 10 October 1958.

^j Source: The Colombo Plan, *Ninth Annual Report of the Consultative Committee*, November 1960.

^k Jan/Sep. 4.738, Oct. 4.739, Nov. and Dec. 4.752. Annual average of 1960: 4.741.

^m The area under the Government of the Republic of Viet-Nam.

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INTRODUCTION

For most countries of the ECAFE region,¹ 1960 represented further improvement, although the rate of progress was not as striking as it had been in 1959 following upon the moderate setback of the preceding year. Agriculture and industry reached record levels of production. Earnings from exports were higher. More imports were obtained and restrictions on foreign trade and payments eased. However, the year ended worse than it began. Export markets turned soft. Harvest prospects indicated only a slight increase. Mainland China had a good harvest in late 1959, although 1960 crops were damaged by reportedly unprecedented natural calamities; the target of 10 per cent increase in agricultural output remained unfulfilled. Its industrial production, however, continued to advance.

Although the 1959 autumn and 1960 spring and summer crops in the countries of the region yielded an increase over the bumper harvests of the previous year, the rate of rise of food production barely kept pace with the growth in population. Only through an increase in imports was per capita availability of cereals in 1960 maintained at the 1959 level.

In view of the fact that the year was selected by the Food and Agriculture Organization of the United Nations to launch its "Freedom from Hunger" campaign, the opportunity was taken to review the more long-term position of the region in respect of food consumption and nutritional levels. Per capita food production has perhaps not yet caught up with prewar levels. But net imports have increased sharply, with the result that there has been a slight increase in per capita food intake. The diet, however, continues to lack variety and balance; cereals and other starchy foods predominate.

Nutritional aspects are, therefore, receiving greater attention in the formulation of national food policies and plans. Two broad patterns are discernible. Japan, for instance, is reaching levels of real per capita income at which the demand pattern calls for more protein and protective foods, particularly livestock products and fish. But for countries at lower levels of income — that is, for the majority of the region's population — food demand and production efforts are still concentrated on augmenting the supplies of basic starchy foods and pulses. The progress made so far has, on the whole, been poor.

The output of other primary products showed mixed trends in 1960. Total non-food agricultural production declined, whereas mining output rose. Up to the second or third quarter (for which information is available), more copra, petroleum, tin and iron ore, and less rubber, cotton, jute and tea were produced.

Manufacturing production continued to advance, stimulated by brisk demand. In the first half of 1960, the regional index was 22 per cent above the first half of 1959 and 11 per cent above the second half of 1959. The percentage gain was the most substantial, not in the countries with lower base weights, but in Japan, the region's pre-eminent industrial producer. Industrywise, the most striking increases were reported for metals and metal goods.

World trade, excluding the trade of the centrally planned economies with each other, also expanded in conformity with world industrial production. There was, however, a shift in favour of trade between industrial countries, rather than between industrial and the primary exporting countries. The combined imports of all industrial countries from the primary exporting countries have remained around \$20-22 billion a year since 1957, whereas the annual rate of the trade of industrial countries with one another rose from \$39 billion in 1957 to \$51 billion in the first half of 1960. World economic growth has not increased the demand for the products of primary exporting countries as it has done for the products of industrial countries.

The improvement in the export earnings of the countries of the region was partly the result of an increase in export prices. In the first half of 1960, prices of rubber and jute rose over 20 per cent; export prices of cotton, tea and tin increased to a smaller extent. On the other hand, the prices of sugar, copra and rice fell, as a result of improved supplies. Crude petroleum prices were also lowered. Import prices rose, but only slightly. The region's terms of trade improved during the first half of 1960; they were 4 per cent higher than in the first half of 1959. But they were not higher than in the second half of 1959 and, owing to the fall in prices in the latter part of 1960, the year as a whole may not show a gain over 1959. Imports, in the first nine months of the year, rose more than exports in terms of percentage increase; trade deficits, as a result, were enlarged. Nevertheless, the countries were able to increase their foreign assets on account of larger foreign aid.

¹ For the coverage of the term "ECAFE region" as employed in this report, see footnote 1, page 5.

Aggregate monetary demand in the countries of the region was higher in 1960 than in 1959. Increased demand for government expenditure and increased private investment continue to be the major factors exerting upward pressure; budget deficits and bank credits are relied upon to finance a significant proportion of this demand. Nevertheless, except in a few countries with special situations, internal stability was maintained. Government revenues have been rising and private savings increasing. Monetary policy has also come to play a more prominent (and more effective) role in several countries. To achieve external balance, countries are intensifying their efforts at export promotion and negotiations for foreign aid. At the same time—and this may not prove an unmixed blessing—they are liberalizing their trade and payments restrictions.

To sum up, the region had an increase in aggregate resources in 1960, largely owing to an increase in production and in imports, which more than made up for the diminution of domestic supplies represented by the rise in its exports. Governments seemed to have increased their claims, mostly for current purposes, as did the private sector for the purposes of investment. Even so, there was no apparent decline in per capita levels of food consumption; and some increase was evident in the availability of other consumer goods. As a result, price movements remained mild, either up or down, although concealed inflation in some countries came into the open as a result of the implementation of decontrol policies. But these price rises should prove quite temporary.

A feature of this year's *Survey* is a review of postwar developments in the field of public finance. This review begins with an analysis of the forces that have shaped the growth in the size and influence of the public sector in the national economies of the countries of the region. Two major trends emerge. Countries, particularly the newly developing ones, are giving a central place to planning as the mechanism most likely to ensure an efficient allocation and use of national resources. Secondly, the influence or the role of the state is extending beyond the boundaries of public ownership and management.

The growth in the size and the functions of the public sector is reflected in the volume of government expenditure, which has risen both in absolute terms and as a percentage of the gross national product. In general, the more prosperous a country, the more it spends on its government in absolute terms, but this does not necessarily amount to a higher proportion of its gross national product.

The analysis of the distribution of government expenditure is made difficult by the absence of a consistent and comprehensive classification of budget-

ary data in functional terms. Broadly speaking, government expenditure is incurred in providing three types of services—economic, social and general. In the performance of economic services, governments have mainly aimed at promoting economic growth; this attempt is largely reflected in their spending on investment. Government investment in the postwar period seems to have predominated over private investment in a number of newly developing Asian countries; the higher allocation to public investment is a reflection not only of the scarcity of private (domestic or foreign) capital, but also of government awareness that the type of investments required cannot be made by the private sector in response to market forces or the profit motive. Governments have, in general, been in agreement in placing emphasis on public investment in the building up of the economic infrastructure—transport, power, irrigation, etc. Only in respect of investment in industry have they differed substantially—on the relative share of public *versus* private investment and of heavy *versus* light industries.

In allocating funds for social services, such as education, health, housing and community welfare, governments appear to have experienced difficulties in choosing between the apparently conflicting claims of economic development *versus* social welfare. There is, in fact, no real antithesis between the two; the expenditure on social services is incurred to service “a deep and profound human need”, and should be judged on its own merits. An endorsement of such a view should not, however, be mistaken for an approval of indiscriminate give-aways by the government, which would result in an increase in aggregate consumption at the expense of saving and investment. Governments increasingly recognize the desirability of tempering their enthusiasm for income redistribution with concern for economic growth, since that alone is likely to prove of greater ultimate benefit to the poor than fiscal attempts aimed merely at reallocating current output.

The expenditure on general services, particularly on administration, is also growing. The growth appears to be due to the increase in population and to the increase in per capita consumption of the administrative services provided by the government. Defence spending has shown uneven trends, depending upon the security situation, internal or external, and upon the availability of foreign assistance.

Revenue policies in the postwar period were also assigned new tasks which have drastically changed the criteria by which they were traditionally evaluated. No doubt, revenue has grown in volume in almost all countries of the region. This growth in revenue, however, has been neither commensurate with the growth in expenditure, nor continuous throughout

the period. The proportion of government revenue to gross national product seems to have stopped rising after a few initial spurts.

This stagnation of the revenue systems of the newly developing economies of Asia is somewhat disconcerting. At the present stage of their economic growth, it is essential that Asian countries have revenue systems which are progressive in relation to the growth in national income. As it is, the inflexibility of existing systems is largely explained by the predominance of taxation of foreign trade in the revenue structure. Imports of revenue-yielding items are being restricted in order to protect or encourage domestic production and to conserve foreign exchange for duty-free or low-duty imports of staple foods, raw materials and capital goods. The demand for the region's exports, principally of primary products, remains weak and fluctuating. Export taxes, therefore, cannot be counted upon to provide steady or increasing revenues; they have proved useful largely during export booms as anti-inflationary measures to siphon off windfall profits. The other methods of taxing foreign trade and payments—export monopolies, exchange taxes, multiple exchange rates—all suffer from similar structural difficulties, both on the import and the export side.

A more fruitful avenue for revenue growth, in the context of rising levels of domestic production and expanding income, is opened by taxes on domestic transactions and on income and wealth. The countries have been exploiting these to an increasing extent. In the field of "indirect" taxation, more and more commodities and services are being brought into the excise tax net, progressivity is being introduced in terms of the articles chosen for duty and the rates imposed, while spending, as such, is being curtailed by the imposition of "general" sales taxes.

It is, however, the complex of "direct" taxes on income, expenditure and wealth which provides, as its built-in features, most of the virtues sought of a good tax system: long-term growth and short-term flexibility in yields; equity as among taxpayers; and provision of incentives for saving and investment, and of deterrents from non-essential spending. Recognizing these advantages, many newly developing countries have introduced income taxation in the postwar period; those that had it previously have sought to make further refinements. Nevertheless, except in a few special cases, none of the newly developing economies has obtained from the group of income and wealth taxes more than a quarter of its total government revenue, as compared with about a half or more in the developed ones.

This underdevelopment is due to several factors. The taxes exclude from their coverage all but a small proportion of the population and of the national

income. Tax rates in the middle and lower ranges of assessed incomes remain low. There is large-scale avoidance of taxes by companies and by the upper income groups through legal exploitation of the loopholes provided by the limited definition of the tax base, namely, "taxable" profits, income or wealth. Finally, taxes are evaded. The evasion is encouraged partly by punitively high marginal rates of taxes on the upper brackets of personal income and partly by laxity in administration.

How can the countries remodel their revenue systems in such a way as to make them progressive in relation to national income? The measures for taxing the rich do not yield either the revenue or the net increase in national saving which is required for economic growth; taxing the poor may really hurt. The question has to be answered in the light of knowledge as to where exactly the rise in national income occurs, to whom the benefits go, and in what proportion. Current knowledge of the changes in the distribution of income and wealth in the newly developing countries of Asia, and of the volume and patterns of saving in the various income or occupational groups, is mostly in general descriptive terms instead of being based on sound statistical foundations. It tends to be subjective and inaccurate.

However, it is possible that dependable information, arrived at from investigations of the type at present being undertaken in India, may reveal that the swell in national income has been so distributed as to add a dribble to the meagre incomes of the masses. In that event, a question may arise as to whether the masses should be further taxed on their necessities—such as salt, sugar, kerosene and matches—or on their incomes, which is what the land tax does. No categorical answer need be given at this stage; only certain guidelines can be set down. First, in the formulation of any such tax measures, the full incidence of the revenue-and-expenditure system as a whole ought to be taken into account rather than the incidence, progressive or otherwise, of the individual tax under consideration. Secondly, if the masses are truly at subsistence levels, there will not be much point in taxing them; taxation on human maintenance could not improve the prospects for economic growth. But, above the subsistence levels, there is a case for taking in taxes a small fraction of their existing incomes and an increased proportion of their incremental incomes to meet the imperative needs of economic and social development. If the failure to tax the lower income groups were to result in inflation, it is these groups who are likely to be the worse off.

In taxing the upper income groups several factors require to be taken into account. To the extent that the tax systems, in law and in practice, remain only

superficially progressive, they offer a large area for remedial action. The scope of "taxable" income and wealth could be enlarged, the loopholes plugged, tax assessment and collection machinery strengthened, and the penalties for tax evasion made more effective as deterrents. On the other hand, very high rates of taxes on the top income groups may not only lead to further tax evasion but may also be injurious to saving and investment in the private sector, which is an important consideration from the standpoint of economic growth. It may be noted that income and commodity taxes do not altogether succeed in reducing the consumption of the rich as they do of the lower and middle income groups; a large part of what the government obtains is of the nature of a transfer of savings from the private sector to itself. Therefore, in taking these savings the government needs to justify its action in terms of the use to which they are put in the public sector *vis-à-vis* their use in the private sector.

The task for fiscal and monetary policies has also been enlarged in scope and, in coping with the expanded responsibilities of the public sector, has grown more complex. The simple canons of a balanced budget on current account and of loans to finance productive public works have undergone a radical transformation in the course of being adapted to several economic and non-economic objectives. The foremost among the economic tasks set for fiscal policy in the postwar period, in conjunction with other aspects of economic policy, has been to see to

it that greater resources are freed to finance aggregate "non-consumption", that is, government current and capital outlays and private investment outlays, all of which have grown. This involves a reduction in the national *proportion*, but not necessarily in the *level* of personal or private consumption; the prime concern should be to increase the incremental income-"non-consumption" ratio. The governments of ECAFE countries have also directed their fiscal policies towards maintaining a balance on external account, counteracting short-term disturbances to economic stability, and diverting to the treasuries not only the resources that would have increased private consumption but also those which would have gone into private savings or private investment, so as to enable the governments to exercise a more "direct" control over the allocation of national resources.

Not all these objectives have been consistent with one another, nor have the governments pursuing them been clear as to priorities. Remedying internal instability by an import surplus has created problems of external imbalance; cutting imports to save balance of payments has strengthened domestic inflation. The search for greater equality has resulted in strengthening the already high propensities to spend on consumption at the expense of saving. The governments have also differed as to the degree of emphasis to be placed upon each of the common objectives of their fiscal and other economic policies, as well as to the methods of attaining them.

PART I. THE ECAFE REGION IN 1960

Chapter 1

PRODUCTION

For the countries of the ECAFE region,¹ the year 1960² continued the improvement noted in 1959. However, the advance of 1960 over 1959 was less striking than that of 1959 over the preceding year which had experienced an adverse harvest and a slow-down in industrial production. Agricultural production had increased by about 7 per cent in the 1958/59 season; it increased further in 1959/60 by only about 1 per cent.³ The year ended with forecasts that this slight improvement will be maintained during the 1960/61 season. Industrial production which had slowed down in 1958 to an increase of only 1 per cent—the lowest in the postwar years—recorded a rise of 19 per cent in 1959 and a further 15 per cent in the first half of 1960 over the average level of 1959. The centrally planned economy of mainland China,⁴ was reported to have increased the gross value of agricultural production in 1959 by 17 per cent over 1958—the year of “the Great Leap Forward”—but 1960,

according to official indications, was the worst year for natural calamities since 1949 when the People's Republic was founded. Mainland China's industrial production continued to advance.⁵

AGRICULTURAL PRODUCTION

Food

Food production in the ECAFE region in 1959/60 further improved by about 2 per cent. Cereal production in the ECAFE region in 1960 (including 1960 crops of wheat and barley and 1959/60 crops of all other cereals) rose by 1.5 per cent over the record crop of the previous year. The 1959/60 rice crop was up by 3 per cent from the good 1958/59 harvest, reaching an all-time record of 87 million tons.⁶ Production of wheat in 1960 was the largest in recent years; although only slightly higher than the record crop of 1959, it was 17 per cent greater than in 1958. The total output of other cereals⁷ was 2 per cent less than in the previous year. The output of rootcrops increased by more than 3 per cent over 1958/59; pulses increased sharply (by 31 per cent).⁸ Although production of all sugar (in terms of raw sugar) remained about the same, centrifugal sugar in 1959/60 increased by 11 per cent over the level during the previous two seasons. All major producers had a larger output except China: Taiwan, which had harvested a record crop in 1958/59, but owing to warm and moist weather at planting time and typhoon damage, the 1959/60 crop was 8 per cent below the peak level. Oilseeds output (in oil equivalent) declined by more than 5 per cent from 1958/59. The expansion of food products of animal origin appears to have continued in 1960, but on the whole at a slower rate than that of food crops.

¹ In the text and tables of this and the following two chapters, the terms “ECAFE region” and “region”, unless otherwise specified, are used to denote the private enterprise economies of the region and exclude the centrally planned economies of mainland China, northern Korea and northern Viet-Nam, for reasons mentioned in footnote 4.

² As this report was completed in January 1961, information available to the secretariat on the second half of the year 1960 was necessarily fragmentary; data could generally be had for most countries only for the first half of the year.

³ The indices prepared by the Food and Agriculture Organization of the United Nations (FAO) give increases of 4 and 3 per cent respectively for 1958/59 and 1959/60. This is because the FAO indices include wheat, barley, tea and rubber produced in 1958 and 1959 respectively and not the 1959 and 1960 production of these commodities. For the purposes of this report, adjustments have been made taking the latter into account.

⁴ Information with the United Nations on economic trends in the centrally planned economies—mainland China, northern Korea and northern Viet-Nam—is subject to important qualifications as to availability, comparability and verifiability. In respect of availability, a significant addition to the existing information on mainland China is the publication entitled *Ten Great Years* (Statistics of the Economic and Cultural Achievements of the People's Republic of China), compiled by the State Statistical Bureau (and published by the Foreign Language Press, Peking, February 1960). The problems posed by the data from these countries in respect of comparability and verifiability were explained in some detail with reference to mainland China in the *Economic Survey of Asia and the Far East*, 1957. See chapter 4, especially page 86.

⁵ Although industries processing agricultural material were adversely affected.

⁶ Milled basis, converted from paddy to rice at the rate of 68 per cent.

⁷ 1960 crop of barley and 1959/60 crops of maize, rye, oats, millets and sorghum.

⁸ Not including dry beans, as 1959/60 data are available for only four countries of the region.

Table 1. ECAFE Region: Production of Food Crops,
1948-1952 and 1956-1960
(Million tons)

Item and year ^a	1948-1952 average ^b	1956 or 1956/57 ^b	1957 or 1957/58	1958 or 1958/59	1959 or 1959/60	1960 or 1960/61
Total cereals	105.9	130.9	126.9	136.6	142.3	...
Rice, milled basis	65.3	81.0	74.9	84.5	87.3	...
Wheat	14.9	18.6	19.6	17.8	20.7	20.8
Maize	5.9	8.0	8.2	9.4	9.9	...
Barley	6.2	7.6	7.3	6.6	7.3	7.3
Other cereals ^c	13.6	15.7	16.9	18.3	17.1	...
Total root crops ^d	25.4	33.7	34.9	36.9	38.1	...
Total pulses ^e	7.1	9.2	9.9	8.9	8.8 ^f	...
Edible oilseed crops ^g (in oil equivalent)	3.8	5.0	5.0	4.9	4.7	...
Sugar ^h	7.3	10.4	10.8	11.4	11.5	...

Source: Compiled by FAO from national publications or from direct information supplied by governments to the FAO secretariat.

^a FAO crop years.

^b Revised estimates. Including available data for Afghanistan and Iran.

^c Rye, oats, millet and sorghum.

^d Potatoes, sweet potatoes, and yams and cassava, largely estimated.

^e Chickpeas, lentils, dry beans, dry peas, and broad beans.

^f Excluding dry beans; corresponding 1958/59 production was 6.7 million tons.

^g Including soybeans, groundnuts, sesame, rapeseed, cottonseed, copra, olives and olive oil, and palm kernel and palm oils.

^h Centrifugal and non-centrifugal cane and beet sugar, converted into raw value.

Traditionally food deficit countries

Ceylon and India, among the food importing countries, experienced a decline in rice production (by 2 and 3 per cent respectively) in 1959/60. In Ceylon, the harvested area fell; in India, the decrease was mainly due to unfavourable weather at the time of sowing the winter crop and drought during the growing period. In the Philippines, although yields were somewhat lower due to typhoons, production, as in Laos, was almost at the same level as in 1958/59. Owing to the increase in domestic output over the last three years, the country has become self-sufficient in rice and has virtually ceased to be an importer. Increases, on the other hand, were impressive in the Federation of Malaya (22 per cent) and Pakistan (20 per cent) and moderate in Indonesia (3 per cent) and Japan (4 per cent). The increase in the Federation of Malaya was due to a marked improvement in yields per hectare; it was expected that almost 70 per cent of the country's requirements would be met from domestic production. Pakistan secured its increase by expanding the area under rice (at the expense of jute), and as a result of good weather.

The output of wheat and maize was higher; it compensated partially for the declines in rice production in Ceylon and India, and augmented the cereal supply elsewhere. Wheat increased in 1960 by only a fraction in India (although this was a 25 per cent increase over 1958) and by about 1

per cent in Pakistan. Maize production increased by 14 per cent in Ceylon, 7 per cent in India and in Indonesia, 25 per cent in Laos and 3 per cent in Pakistan; it declined in Japan (by 7 per cent), and also in the Philippines (by 3 per cent) where maize is second to rice as a foodcrop. The trends in other foodcrops were uneven. Other cereals appear to have declined in India (barley 3 per cent, millets 5 per cent and sorghum 10 per cent) and in Japan (oats 11 per cent). Output of non-cereal foodcrops increased. India and Indonesia had more centrifugal sugar; India produced a record output (up by 26 per cent over 1958/59) in response to favourable weather, expanded acreage and various government measures designed to encourage production of centrifugal sugar instead of *gur*. Ceylon had more dry beans and potatoes; Japan had appreciable increases in pulses and oilseeds; the Philippines, in addition to more sugar for export, had more root crops for domestic consumption.

Rice-exporting countries

The 1959/60 output of rice increased in all the traditionally exporting countries of the region except China: Taiwan. Taking all these countries together (but excluding mainland China), total production in 1959/60 was up by almost 7 per cent over the previous year. Individual percentage increases were 7 for Burma, 22 for Cambodia, 21 for Iran, 3 for Thailand and 15 for southern Viet-Nam; the production in southern Korea remained about the same; the decrease

in China: Taiwan, owing to bad weather, was 2 per cent. In Burma, the increase was achieved partly by the five-year "paddy expansion project", which had commenced in 1956/57 and under which 300,000 hectares have been reclaimed and cultivated. The sharp increases in Cambodia and Iran were partly the result of the extension of irrigation and drainage facilities.

As in the traditionally food deficit countries, production of wheat and maize increased in the rice exporting countries as well; the only exception was Cambodia, which had much less maize (38 per cent). China: Taiwan had 5 per cent more wheat as a result of an extensive use of chemical fertilizers and organic matter, and Thailand 70 per cent more maize, due to an extension of area in response to high export demand. In Iran and southern Korea, the substantial 1959/60 increase in cereal production also included more wheat in 1959 than in 1958—15 per cent in Iran and 23 per cent in southern Korea. The output of non-cereal foodcrops was also larger in the rice-exporting countries. Soybean production increased sharply; it rose by 77 per cent in Cambodia and 21 per cent in China: Taiwan. Thailand also, in addition to more rice and maize, had slightly more oilseeds (groundnuts, cottonseed and sesame) and appreciably more root crops (including cassava).

Prospects for 1960/61

Only a slight advance in foodgrain production is expected in 1960/61, with countries sharing opposite trends. There were indications towards the close of 1960 that cereal production might just maintain the 1959/60 level, assuming the continuation of favourable conditions to the end of the season.

In the traditionally food deficit countries, as a whole, foodgrain production in 1960/61 was likely to maintain or exceed the 1959/60 level. In the rice-exporting countries, provisional estimates indicated some decrease in foodgrain production for 1960/61. Declines, owing to unfavourable weather, were apparently substantial in China: Taiwan, southern Korea and southern Viet-Nam. Increases in production were expected in Burma, Cambodia, and Thailand.

As to mainland China, the first official reports estimated that total "grain" production in 1959 reached 270 million tons, 8 per cent above the revised figure for 1958, but 2 per cent below the year's target. Figures for individual grain crops have not yet been published. However, there were indications of losses in the 1960 harvest due to natural calamities, particularly the drought, which reportedly affected 60 million hectares of farmland,¹⁰ or about half the

total sown area in the country. Despite an increase in the area sown, output of summer crops, including wheat, early rice and various kinds of coarse grains, appeared to be about the same as, or only slightly below the output in 1959, which had totalled 69.5 million tons. In order to make up for the shortfall (from the plan targets) in the summer crops, an intensified drive for more grain production was launched. The area sown to autumn crops was greatly extended with special emphasis on coarse grains.¹¹

OTHER PRIMARY PRODUCTS

In 1959, the ECAFE region had contributed 90 per cent of the world's estimated total tea production of 760,000 tons. This was an increase of less than 1 per cent over the previous year. For the year 1960, indications were for a further small increase, although production in the first seven months had fallen by 1 per cent over the same period in 1959. In recent years, no notable change in area under tea has occurred in Ceylon and India, the main producing countries; expansion in output has been achieved mainly through higher yields. Ceylon had good weather which contributed to a 7 per cent rise in production during the first nine months of 1960 over the same period of the previous year. Production in Indonesia during the first seven months of 1960 increased by 3 per cent. South India, too, increased its production by more than 17 per cent during the first eight months of 1960 over the corresponding period of 1959. In northeastern India, on the other hand, output from January to September 1960 declined by 10.5 per cent owing to unfavourable weather, but was expected to pick up by the end of the year.

The level of copra production for 1960 in the region was forecast to increase by more than 14 per cent from a year earlier. Copra production in the Philippines had recovered rapidly from the damage caused by typhoons of December 1959 and January 1960. It was expected that the country's output would exceed the previous year's production by almost 28 per cent. In the Federation of Malaya, after adequate rains and high prices in 1959, output increased by 37 per cent in 1960 (January to June) over the corresponding period of 1959. Production of smallholders increased by almost 50 per cent while estate production showed moderate gains. In the other coconut producing countries of the region, the 1959 rainfall was favourable which contributed to the increased production in 1960.

⁹ Including the grain equivalent of potatoes.

¹⁰ As compared with 43 million hectares in 1959 and 27 million hectares in 1958.

¹¹ The autumn harvest should have been gathered by December 1960, but no report on the results was available; only it was officially admitted that the planned increase of 10 per cent was not attained.

The cotton output of the region declined from 6.0 million bales¹² in 1958/59 (August-July) to 5.12 million bales in 1959/60. Declines took place in India (21 per cent) and Thailand (20 per cent) where weather conditions were adverse; output increased in Burma (by 8 per cent), southern Korea (by 17 per cent) and Pakistan (by 2 per cent) and remained stable in Afghanistan and Iran. Mainland China registered an increase of 3.5 per cent over 1958/59 to 9.0 million bales in 1959/60. For the 1960/61 season, output prospects in the region seemed to be better than those of a year earlier. The situation in India was generally favourable, with the total area estimated at 8 million hectares, which under normal conditions, would give a harvest of over 4 million bales — much larger than the 3.3 million bales in 1959/60. Similarly in Pakistan, crop prospects for 1960/61 were better due to good weather and the wider use of fertilizers under government subsidy.

In 1959/60 (July-June), the output of *jute and allied fibres* in the region fell to 2.1 million tons, as against 2.4 million tons in 1958/59. In India and Pakistan — the major producing countries — production was down by 17 and 11 per cent respectively, owing partly to unfavourable weather conditions during the growing and harvesting seasons, but mainly to an unfavourable jute/rice price ratio at the time of planting. In Pakistan, the Government's programme of assisting farmers to adopt alternative crops was also a contributing factor; yields did not improve to offset the reduction in area. The prospects for the 1960/61 crop remained uncertain; Pakistan was expecting a better crop for 1960/61, but there was 15 per cent decrease in area under the crop in India.

In the first nine months of 1960, production of *natural rubber* in the region at 1.29 million tons was about 4.5 per cent lower than the corresponding 1959 output. This decrease was largely due to a decline of 13 per cent in Indonesia's output. Production in Ceylon and the Federation of Malaya increased (by 13 and 2 per cent respectively) owing partly to the stimulation of higher prices¹³ earlier in the year and partly to the gradual coming into production of replanted or newly planted areas. In Ceylon, the government sponsored programme of replanting by smallholders was beginning to show results. In the Federation of Malaya, smallholders have been showing a greater interest in the replanting scheme than in the early stages of the programme. Under the new planting programme of the Federation, participating smallholders will be given an equivalent

of US\$135 per acre to finance their new plantings. In Cambodia, Thailand and southern Viet-Nam, new planting and replanting with high yielding strains is continuing.

FOOD PRODUCTION IN RELATION TO POPULATION TRENDS

Estimates indicate that in twelve countries of the region¹⁴ accounting for over 90 per cent of its population, total food production, from 1952/53 to 1958/59,¹⁵ increased by an average of 4 per cent annually, whereas population growth averaged 1.5 per cent per year.¹⁶ Thus there was a net gain through this period of 2.5 per cent annually in per capita food production. This gain can only be regarded as modest. It may also be noted that, according to the statistics available, per capita food production in the region in 1959/60 is estimated to be still somewhat below the level before the war, although this is by no means certain.

Chart 1 shows, for the twelve individual countries, the trends in per capita food production for the same period. The curves show fluctuations from year to year due to the effect of weather on production, but over this period all the trend lines are sloping upwards indicating a rise in food production per head. Of the twelve countries, five — Burma, China, Taiwan, Iran, southern Korea and Thailand — are traditionally food exporting countries. Two of these — Burma and Thailand — with particularly high export margins, adjusted their production to the requirements of their international markets rather than to the growth of their domestic demand. The food deficit countries, on the other hand, are increasing their production so as to arrive as near to self-sufficiency as possible. Japan shows the sharpest rise in per capita food production in chart 1, the Federation of Malaya and Iran being next in order of per capita rise. The trend lines of food production in several large countries — India, Indonesia and Pakistan — on the other hand, show only a moderate progress, and if India's recent upward revision of its population growth is taken into account,

¹⁴ Burma, Ceylon, China: Taiwan, Federation of Malaya, India, Indonesia, Iran, Japan, southern Korea, Pakistan, Philippines and Thailand.

¹⁵ See footnote 3 on page 5. The time reference in this section is only to FAO crop years which are also referred to as calendar years in FAO publications, 1952 alternating with the 1952/53 crop year.

¹⁶ As the upward revision of the growth rate of India's population given in the *Draft Outline of The Third Five Year Plan* (published in New Delhi in June 1960) reached the United Nations secretariat too late for the revision of the tables in the major FAO publication *The State of Food and Agriculture, 1960*, the FAO data used in this section are on the high side in respect of the growth in per capita production and consumption levels in India, and in the region, since India accounts for almost half the population of the region (excluding mainland China).

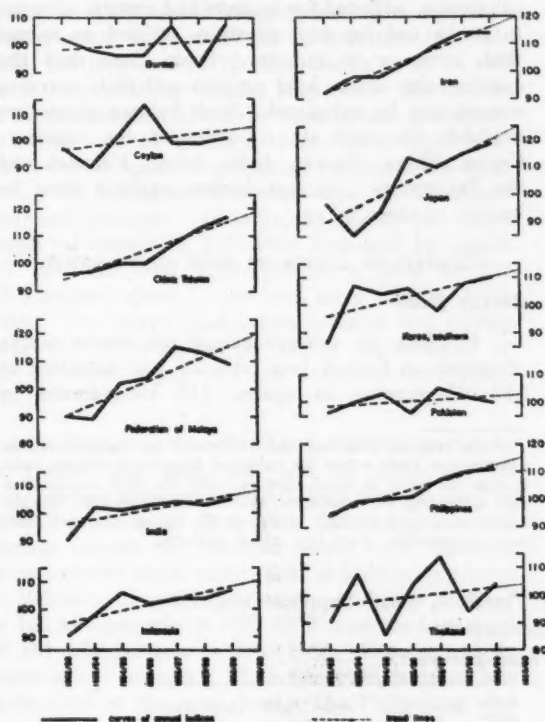
¹² Of 478 lbs net weight.

¹³ However, the pronounced fall in prices between June and November 1960 suggests that output in the last quarter will level off. Demand, especially in the United States and the United Kingdom, was poorer than in 1959.

Chart 1

ECAFE Countries: Trend of Per Capita Food Production, 1952/53-1958/59

(Average 1952/53 — 1956/57 = 100)



Source: FAO: *The State of Food and Agriculture, 1960*, (Rome, 1960) page 152.

the rate of growth of per capita food production for the bulk of the population of the region would indeed make a poor showing.

FOOD SUPPLIES AND THE NUTRITION OF THE POPULATION

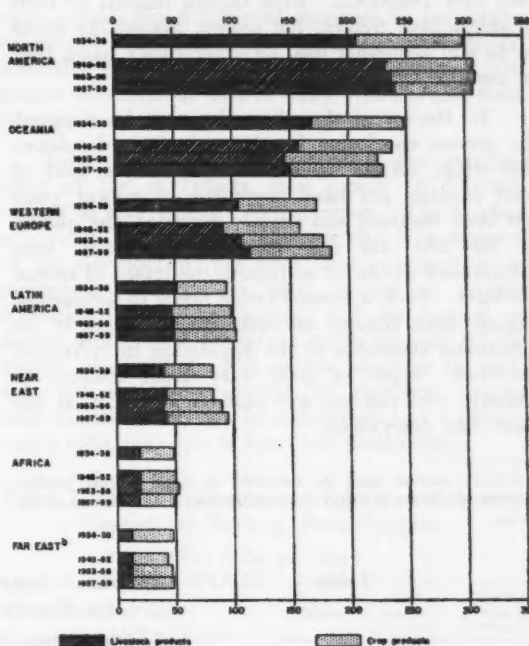
Food production increases in comparison with population growth reflect only the intensity or success of the production effort. The indices, however, do not reveal the extent to which adequate levels of food consumption and nutrition are being approached. For this purpose, account must be taken of the balance of imports and exports of food products, and of the nutritive value of the different types of foods in the diet.

FAO has made a chart (see chart 2) of per capita food supplies in the principal regions of the world (excluding the centrally planned economies) during the prewar period (1934-1938) and three postwar (1948-1952, 1953-1956, 1957-1959) periods.

Chart 2

Principal Regions of the World: Estimated Per Capita Food Supplies, 1934-1938 and 1948-1959

(Price weighted indices, world^a average for all food, average 1948-52 = 100)



Source: FAO: *The State of Food and Agriculture, 1960*, (Rome, 1960) page 38.

^a Excluding the Soviet Union, eastern Europe and mainland China.

^b Excluding mainland China.

Crop products and animal products have been distinguished in the chart. Almost the entire ECAFE region is covered by the FAO grouping "Far East"; the countries left out are Afghanistan and Iran, which are included in the group of countries described as the "Near East".

It is obvious from the chart how poor are the per capita levels of food consumption in Africa and in the Far East. In 1948-1952, the supplies of all food items available per head of population in the Far East were the smallest—less than half of the world average. Since then there has been some improvement. Per capita supplies were about 14 per cent greater in the period 1957-1959 than in the five years 1948-1952 and about 2.5 per cent greater than in the prewar years 1934-1938 when the region was a net exporter. On the other hand, it is noteworthy that, at present, net imports of foodgrains and animal food products into the region have increased at a much faster rate than domestic production, and

contributed to the relatively favourable development of the over-all food supply situation indicated by the chart.

The per capita availability of animal food products¹⁷ in 1957-1959 has increased by about 8 per cent over 1948-1952. Even though imports of these products have trebled, the present availability seems to be still somewhat less, on a per capita basis, than in the years just before the war.

To the extent that these data can be accepted, the general conclusion for the region may be drawn that while, on the whole, the quantitative level of food supplies per head prevailing in prewar years has been regained and slightly exceeded, the quality of the diet has not improved, and may have deteriorated somewhat as regards the intake of animal products. Such a generalization needs to be checked against more detailed information on changes in the nutritional standards of the population in individual countries. Types of food vary from country to country, and changes are unlikely to occur at the same rate everywhere.

¹⁷ Extra caution must be exercised in using animal product statistics which are probably less reliable than crop statistics in this region.

National food balance sheets prepared for several successive periods provide the most comprehensive data for individual country analysis. The food balance sheet shows the per capita supply of foods in a country at the retail level, as given by total production, adjusted for imports and exports, changes in stocks and for any quantities utilized as animal feed, seed, or in industry. From these data the calorie value of the food supplies and their nutritive content can be calculated. Such balance sheets are available for only six countries of the region—Ceylon, China, Taiwan, India, Japan, Pakistan and the Philippines—so that further analysis must be limited to these.¹⁸

CHANGES IN LEVELS OF FOOD CONSUMPTION

Energy foods

In 1958, the average annual per capita supply of cereals in Ceylon (see table 2) was estimated at 117 kilogrammes as against 118 kilogrammes in

¹⁸ The relevant data have been submitted by the governments concerned to FAO, which has published them on a uniform basis. It must be borne in mind, however, that the basic consumption data underlying the calculations are not equally reliable, and the margin of error is probably greatest in the case of protective foods such as vegetables, fruits and animal products.

Table 2. ECAFE Countries: Postwar Trends in Food Supplies Available for Human Consumption
(Kilogrammes per head per year)

Country and period	Cereals	Starchy roots	Sugar	Pulses	Vegetables	Fruits	Meat	Eggs	Fish ^a	Milk ^b	Fat ^c
Ceylon											
1952-1953	118	35	16	32	42	4	3	2	5	15	4
1958	117	23	14	39	42	8	3	1	7	13	4
China: Taiwan											
1948-1950	137	73	9	7	62	22	11	1	6	...	2
1951-1953	145	63	9	9	62	18	17	2	9	...	3
1958	153	72	9	12	60	20	19	2	11	...	4
India											
1949-1950	112	8	12	23	16	13	1	0.1	1	47	3
1951-1953	121	11	11	24	16	13	1	0.2	1	46	3
1957-1958	124	11	14	26	...	12	2	0.2	1	45	4
Japan											
1948-1950	150	58	5	2	67	10 ^d	2	1	20	4	1
1951-1953	147	46	10	6	69	13	2	3	20	8	2
1958	152	47	14	9	73	21	5	4	22	18	3
Pakistan											
1949-1950	161	...	12	8	18	14	4	0.4	1	55	3
1951-1953	153	...	13	8	18	13	4	0.4	1	56	4
1957-1958	149	...	17	12	21	14	4	0.4	2	56	3
Philippines											
1952-1953	131	50	14	12	16	...	12	3	8	5	3
1957-1958	128	51	12	7	8	26	10	3	9	17	9
For comparison:											
United Kingdom											
1948-1950	106	115	39	5	61	40	50	13	11	204	21
1958-1959	84	93	50	6	59	46	68	14	11	206	22

Source: FAO: *The State of Food and Agriculture, 1960*. (Rome: 1960), page 174; for Japan, the statistics were supplied by the Government.

^a Estimated edible weight.

^b Milk and milk products estimated in terms of liquid milk.

^c Excluding butter in the case of India and Pakistan.

^d 1948-1951.

1952-1953. Per capita supplies of starchy roots and sugar dropped, while fats remained at the same level. In China: Taiwan, per capita supply of cereals increased in 1951-1953 by almost 6 per cent over the 1948-1950 level to 145 kilogrammes and rose further in 1958 to 153 kilogrammes. The supply of starchy roots dropped to 63 kilogrammes in 1951-1953, but increased to 72 kilogrammes in 1958, still about 1 per cent less than in 1948-1950. The decline in the consumption of starchy roots reflects a tendency to switch over to cereals as a preferred basic food. The level of sugar consumption remained the same during the period under review, while the fats supply increased gradually. In India, the average per capita supply of cereals in 1957-1958 increased by almost 2.5 per cent over 1951-1953 to a level of 124 kilogrammes, about 11 per cent more than in 1949-1950. The energy food supply position was further improved in 1958, as per capita availabilities of starchy roots, sugar and fats increased over 1949-1950.

In Japan, on the other hand, the average supply of cereals per head per year in 1958 at 152 kilogrammes was only slightly higher than the level of 150 kilogrammes in 1948-1950. At higher levels of average income the Japanese people were obtaining more calories from sugar, fish and dairy products. In Pakistan, the per capita supply of cereals declined to 149 kilogrammes in 1957-1958 from the high level of 161 kilogrammes in 1949-1950. However, sugar consumption increased, while fats were more or less maintained at the same level. The Philippines also experienced a decrease in per capita supply of cereals—from 131 kilogrammes in 1952-1953 to 128 in 1957-1958—but an increase in the consumption of dairy products and fats.

Protective foods

The situation revealed in table 2 as regards changes in the available supplies per head of protein and protective foods in the six countries is also far from satisfactory. India and Pakistan, the two countries with the greatest reliance on dairy products, have barely been able to maintain their still low levels of dairy supplies per head in the postwar period, and their very low levels of consumption of meat, eggs, fish, vegetables and fruits have scarcely been raised. However, the supply of pulses per head has gone up slightly in both India and Pakistan. Ceylon has not been able to maintain its low levels of consumption of dairy products and eggs, but gained slightly between 1952-1953 and 1958 in per capita supplies of fish and pulses. In the Philippines, per capita supplies of fish and eggs, but not of meat and pulses, were maintained between the early and late 'fifties. There was a noticeable gain in supplies of dairy products.

Between 1948-1950 and 1958, China: Taiwan achieved an important increase in its supplies of meat, fish and eggs, although present levels, except perhaps of fish, are still low. The fairly good supply of vegetables was maintained and pulses—not so important in Taiwan—were increased. Over the same period, Japan achieved increases in per capita supplies of all groups of protein and protective foods, especially fish and dairy products, although the present consumption level of dairy products and meat remains low.

Table 3 presents a summary of the nutritive value of the per capita food supply at different periods in six countries of the region. The number of calories provided per head per day is a measure of the adequacy of the total food consumption in preventing hunger. The total amount of protein contained in the food supply, and the amount of protein contributed by animal products, indicate the quality of the diet. The calorie shortage in itself may not be severe enough to represent serious undernutrition, but may be accompanied by a protein intake sufficiently low to constitute malnutrition.

Table 3. ECAFE Countries: Calorie and Protein Content of Postwar Food Supplies
(Per head per day)

Country and period	Calories	Total protein (grammes)	Animal protein (grammes)
Ceylon			
1952-1953	1,990	42	6
1958	2,010	48	12
China: Taiwan			
Prewar	1,870	45	16
1948-1950	1,980	43	8
1951-1953	2,140	50	12
1958	2,330	57	15
India			
1949-1950	1,640	43	5
1951-1953	1,750	47	6
1957-1958	1,800	47	6
Japan			
Prewar	2,050	55	7
1948-1950	2,095	49	9
1951-1953	1,870	58	13
1958	2,259	67	17
Pakistan			
1949-1950	2,040	49	8
1951-1953	2,010	47	8
1957-1958	2,010	49	8
Philippines			
1952-1953	1,960	43	10
1957-1958	1,980	36	11
For comparison: United Kingdom			
1948-1950	3,130	90	45
1958-1959	3,260	85	50

Source: FAO: *The State of Food and Agriculture, 1960*, (Rome: 1960), page 177; for Japan the statistics were supplied by the Government.

It may be observed that estimated calorie supplies per capita have been increasing over the postwar years, except possibly in Pakistan. However, only in China: Taiwan and Japan are the average supplies nearing the level where hunger is satisfied and undernutrition avoided.

The deficiencies in the supply of protective foods are considered to be just as serious as, if not more serious than deficiencies in the total quantity of foods. Up to 1958, the quality of the average diets in Pakistan and the Philippines does not seem to have improved appreciably over earlier postwar years. A slight improvement has apparently occurred in India and a little more in Ceylon. In this respect, China: Taiwan and Japan have shown the greatest gains, with important increases since 1948-1950 in the protein content in the average food supply. Even in these countries, however, the protein content of the average diet is still far too low, as will be evident from reference to the comparative figures for the United Kingdom shown in tables 2 and 3. It has been estimated that staple cereals and starchy roots comprise about 73 per cent of the average diet in the Far East. The corresponding figure for the United Kingdom is 31 per cent and for North America 25 per cent. Conversely, the contribution of milk, meat, eggs and fish to Asian diets is about 5 per cent, as against 27 per cent in the United Kingdom. Dietary surveys in Burma, the Federation of Malaya and southern Korea, as well as in the six countries mentioned, confirm the imbalance of Asian diets, that is, the preponderance of carbohydrates and the shortage of proteins, especially animal proteins. Deficiency diseases such as beri beri, especially infantile beri beri, and protein malnutrition in children, result from such diet.

It must be remembered that the above averages disregard the fact that, because of the unequal distribution of food supplies within a country, the nutritional level of the diet of large sections of the population is considerably below that indicated by the tables.

FACTORS INFLUENCING FOOD CONSUMPTION AND NUTRITION

Agricultural factors, which include the type of soil, kind of terrain, climatic conditions and so on, set broad limits to the kinds of foods produced in a particular area or affect the relative costs of different foods, and hence account for considerable differences in diets, even in closely related populations.

Economic factors greatly influence the pattern and levels of consumption in different parts of the region. The most important factor under this category is the real income of the people. People at low income levels tend to cover their needs from

cheap sources of calories, such as cereals and other starchy foods. This is the position throughout most of the region. As incomes rise, the need for additional calories is met through increased consumption of more nutritious foods, which are usually more expensive. Among the countries of the region, it appears that Japan has practically reached the average levels of income and food consumption where further increments in income would not result in increased expenditure on basic foods, but rather on the purchase of animal products, especially milk, eggs and meat.

There is a great need for nutrition education in all countries of the region. Serious malnutrition can, in many cases, occur independently of economic factors. Bad food habits arising from custom and from ignorance of the importance of nutrition, religious beliefs which limit consumption of certain foods, superstition regarding the effects of various foodstuffs, cooking practices detrimental to the retention of some nutrients, lack of knowledge of feeding of children and pregnant and nursing mothers, and of adequate weaning diets—all have a share in accounting for malnutrition.

Several governments of the region, realizing the need to plan food and agricultural production with due weight given to nutritional considerations, have established national nutrition organizations, for the purpose of assisting in the formulation and execution of national food policies and plans, in accordance with available scientific knowledge. Dietary and nutrition surveys for different groups of the population, and the training of nutrition personnel for specialized work are also needed.

Governments can do much through co-ordinated economic and marketing measures to help in raising nutrition standards. The rationing of necessities, as in the case of rice in Ceylon, provides one such opportunity.¹⁹ Taxes or subsidies on particular foods, food price stabilization, special feeding programmes for school children or other vulnerable groups of the population, and the regulation of imports or exports are other types of measures in use in various countries.

DEVELOPMENT PLANS IN RELATION TO NUTRITIONAL IMPROVEMENT

Increase of domestic agricultural production remains the basic problem in the improvement of the nutrition level of the population in Asian countries. Commercial imports of food products may be entirely justifiable on economic grounds, where domestic food production is subject to high social costs and foreign

¹⁹ It should be noted, however, that rice rationing in Ceylon is being continued primarily to subsidize consumer prices, and not to overcome shortages or to influence food intake or nutrition.

exchange can be earned by using the land and other resources for producing agricultural or industrial products which have a competitive advantage in export markets. The importation of the United States food surpluses on concessional terms can also provide valuable assistance to countries of the region under certain circumstances, especially in setting up adequate national food reserves. Basically, however, emphasis must fall on larger and more efficient production from the domestic agricultural resources of the region.

It has been indicated above that the overwhelming preponderance of cereals and starchy foods in Asian diets forces attention upon the expansion of the livestock industries. However, it is here that the production problem is particularly acute. The expansion of some types of livestock production, such as cattle raising and dairy farming, are essentially long-term programmes which often depend upon the solution of technical problems. Quick-producing livestock, such as poultry and pigs, compete to some extent for grain still urgently needed for direct human consumption. For these reasons, some countries of the region have had to give attention to the improvement of nutrition, to some extent at least, by increasing the output of basic cereals and pulses. At the same time, plans are being laid for research and development in livestock industries, and for some pilot projects to prepare for more rapid expansion later.

In all countries of the region, greater importance is now being attached to nutritional aspects in the formulation of food policies and plans. However, two broad patterns are discernible. In Japan, nutritional planning is being closely integrated with agricultural and general economic development planning. The country is reaching levels of real per capita income at which demand factors call for diversification of the diet by the inclusion of more protein and protective foods, especially fish and livestock products, at the same time as prospects of doing so have improved. On the other hand, in countries with low levels of income—constituting the bulk of the region's population—food demand and food production are more strongly concentrated on increased supplies of basic starchy foods and pulses. An instance of this type of nutrition planning is provided by India.

In Japan, agricultural programming is being undertaken as an integral part of the new plan to double the national income in ten years, beginning in 1961. This plan was under consideration by the Japanese Government at the end of 1960. Agriculture was already lagging behind other industries in productivity per man and in per capita income, and was likely to be left further behind in such rapid national growth. The modernization of agriculture

had, therefore, been taken up as the major point of the programming. In addition to speeding up labour productivity and effecting basic improvement in the structure of agriculture, the programme will promote a selective expansion of agricultural production in line with the changing demand for farm products in Japan. Under the plan, it is expected that the intake of protein will rise greatly while that of starchy foods will decline, so that the food consumption pattern will show a great change during the next decade. It has been estimated that per capita consumption of livestock products (meat, dairy products and eggs) and fruits would more than double by 1970, in comparison with the average of 1956-1958. In particular, per capita consumption of cow milk is expected to increase more than five times, and meat more than three times. Per capita consumption of sugar will be 60-70 per cent, fish 40 per cent and soybeans 30 per cent more than in 1956-1958. Per capita consumption of rice is expected to decrease after 1965, and wheat consumption to remain at the 1956-1958 level. Per capita consumption of potatoes for food will decrease by 30 per cent, while barley consumption for food will fall by 80 per cent. Thus, starchy foods will, in general, occupy a smaller share in the diet. These changes in the consumption pattern would result in a 15 per cent—that is from 2,237 to 2,566—increase in per capita calorie intake per day from 1956-1958. It should in particular be noted that per capita consumption of total protein is expected to increase from 66 grammes to 83 grammes by 1970. Fats will also rise from 24 grammes to 54 grammes during the same period. The overall result would improve substantially the Japanese diet and represent a great stride towards attaining the nutritional standards of western European countries.

India, on the other hand, has emphasized the expansion of foodgrain production in order to meet first the quantitative or calorie deficiency in the national diet. Under its first five-year plan (April 1951-March 1956), it achieved considerable success; actual foodgrain (cereals and pulses) production reached 67 millions tons—a 27 per cent increase instead of the modest 14 per cent that had been planned. Extension of cultivation was the main factor responsible for a large part of the progress made, although the high level of output realized was also the product of good weather.

The second five-year plan (April 1956-March 1961) was thus framed in an atmosphere of optimism generated by two successive good crops in 1954/55 and 1955/56. According to the plan, foodgrain production was to be raised to 82 million tons—22 per cent above the actual 1955/56 production. Stress was placed on increasing the production of supplementary foods of higher nutritive value, such as vegetables and fruits, milk and milk products, eggs

and, to some extent, meat. Animal husbandry programmes were to be intensified. Milk output was estimated to increase by 10 per cent in 1960/61 over the base period 1955/56. In connexion with the scheme for increased milk production, milk producers' co-operatives were to be organized in villages to supply milk to urban areas, and to run creameries and milk drying plants.

The actual course of events, however, re-emphasized the critical importance of increasing foodgrain production. With only half the crop area having assured rainfall or irrigation facilities, foodgrain availability in India remained a gamble on the weather; this was made obvious when production fell in 1957/58 6 per cent below, and rose in 1958/59 11 per cent above, the base period (1955/56) of the plan. In any case, it was becoming clear that the progress made would fall short of the targets. On the other hand, attaining of the foodgrain targets remained critically important for stability of internal prices as well as for balance of payments. The country, therefore, entered into arrangements with the United States, reviewed in chapter 2,²⁰ to obtain, under Public Law 480, substantial imports of wheat and rice, totalling about 17 million tons, over a period of four years from May 1960. This would give the Government the opportunity to build up national reserves and thus effectively maintain price stability over the earlier period of its third five-year plan (April 1961-March 1966).

Nonetheless, the draft outline of the third plan, released in June 1960, reassigns a high priority to cereal production and agriculture in general. The target of foodgrain production — 102 to 107 million tons as against the approximately 75 million tons achieved by the end of the second five-year plan — appears to call for a rather sharp increase. It is, however, hoped that increased supply and utilization of fertilizers, the investment made in irrigation over the preceding decade, and the almost completed countrywide organization of extension services, will together bear fruit towards the end of the third five-year plan, and substantially increase domestic output of foodgrains.

Relieved somewhat from the anxiety on this front, the planners in India have given attention to the improvement of diet apart from reducing its total calorie deficiency. The recommendations of the All-India Nutrition Advisory Committee for a balanced diet for an adult call for 1,400 calories per day from cereals, 835 calories from foods rich in protein — pulses, fish, meat, eggs — and 830 calories from other sources, making a total of 3,065 per day. It is recognized by the authorities, however, that with the best effort possible, the availability

per adult per day in 1965/66 of supplementary and protective foods, such as milk, meat, eggs, fruit and vegetables will still fall short of the requirements for a balanced diet. In fact, it is only thought possible to increase the calorie intake from foods rich in protein to 565 calories per day and from other non-cereal sources to 425 calories. Of the remaining deficit in total calories, the draft third five-year plan calls for the supply of 1,740 calories per day from cereals, to provide an average daily intake per adult in 1965/66 of 2,730 calories (1,800 in 1957-1958). Thus, the target of the plan is to achieve a level of production of foodgrains to allow the daily consumption of about 15 ounces of cereals and 3 ounces of pulses per capita (or 17.4 ounces of cereals and 3.5 ounces of pulses per adult). This intake of foodgrains is higher than the level recommended by the Nutrition Advisory Committee for a balanced diet, that is, 14 ounces of cereals and 3 ounces of pulses per day per adult. The aim under subsequent plans will be to increase greatly the per capita consumption of protective foods, so that the per capita consumption of cereals can be, to some extent, reduced.

Several other countries of the region — Ceylon, China: Taiwan, Indonesia, Pakistan, Philippines and Thailand — have also emphasized in their development plans the need to maintain an adequate supply of staple energy foods and, at the same time, to increase the intake of protein foods. The relative importance given to the two has depended on the basic situation with regard to domestic food production and imports, and the changes anticipated in the demand for various food items corresponding to the planned changes in the level of per capita incomes. Food importing countries, for example, Ceylon, Pakistan and the Philippines, have attached prime importance to the achievement of national self-sufficiency — or at least as near to it as possible — in respect of both food crops and food of animal origin. Estimates of demand have been based on income elasticities derived from family budget surveys conducted in urban and rural areas, as for example in China: Taiwan. All the plans aim at a more balanced diet; the percentage increases planned for fish, fruits, vegetables and livestock products are, in general, higher than those for cereals. However, because of the predominance of cereals in the diet, the planned increases in this field — although small in terms of percentage — remain critically important, particularly to the net importing countries.

It may also be noted that in many countries of the region new educational programmes on maternal and child health, home economics and social welfare, are oriented towards nutrition improvement. Also, programmes of school feeding, nutrition education, school gardening and periodic examinations of the nutritional state of school children are in progress

²⁰ See pp. 38 and 39.

in different countries. Japan, for instance, has a national school lunch programme covering over 60 per cent of primary school children. Feeding programmes and other nutritional activities are embodied in the nutrition education part of the mass education movement in Burma and the rural development programmes in Ceylon. In view of the dearth of reliable information on the nutritional status of Asian populations, significance attaches to the food research centres in India and the Philippines which undertake laboratory studies, clinical and field investigations or surveys on nutrition and food composition. Universities in China: Taiwan, India, Indonesia, Japan, and the Philippines also conduct nutrition research projects. In Japan, too, nutrition legislation has been enacted. Thus, in 1947, the Nutritionist Law was passed providing for the training of nutritionists. In 1952, the Nutritional Improvement Law was enacted, providing for the establishment of nutrition services (e.g. education, special feeding, etc.) at each health centre in the country.

Despite this evidence of wide interest and long-range objectives aimed at raising nutritional levels, the actual progress made so far has, on the whole, remained poor. Although food production has risen slightly faster than population, the per capita levels of total food supply in the region are still far too low, and are inadequate to maintain the health and welfare of the population. Moreover, the increase in the supply of protein and protective foods, especially of food of animal origin, which is essential if nutritional levels are to be raised, is proving particularly difficult to achieve.²¹

INDUSTRIAL PRODUCTION

THE VOLUME OF PRODUCTION

The growth of industrial (mining and manufacturing) output in the private enterprise economies of the region,²² which slackened in 1958, has since

resumed its upward movement; in the first half of 1960, it was 11 per cent over the level in the second half of 1959.²³ As in the past, mining lagged behind manufacturing. Industrial production showed increases in all countries; Japan took the longest stride.

The weight distribution in the regional index of industrial production, as it stands, is such that production in Japan accounts for somewhat less than a half, and in India for somewhat less than a third. In this perspective of the region's industrial production, progress in some of the other newly developing countries such as China: Taiwan, Federation of Malaya, Indonesia, southern Korea, Pakistan, the Philippines and Thailand tends to be dwarfed in comparison. Even though regular indices are not available for some of these countries, the scattered available evidence suggests, by and large, that governments have continued their efforts to press forward with industrial development. Attention was first being given to providing the infrastructure for industrial development, such as a power and transportation network, technical training and other related facilities. Most countries offered fiscal concessions and a wide variety of other inducements to both foreign and domestic capital to help develop industry. Industries producing construction materials and fertilizers, and light industries such as sugar, tobacco, beverages, textiles and pharmaceuticals were being developed in practically every country in the region. Even Iran was venturing beyond oil refining into other fields of industrial production. Active consideration was being given by the Governments of Ceylon and Singapore to industrialization in order to relieve unemployment. During the year under review, the Government of Singapore made plans to develop a large industrial estate with planned sites for heavy, medium and light industries and with the necessary water, power and gas connexions. Shipping berths and rail links were to be provided to meet increased transport requirements. A policy of increasing supplies of basic necessities such as textiles, was followed in Indonesia. Measures have been taken to pool similar industries to ensure a proper raw material distribution since 1959, when industries based on imported raw materials had experienced difficulties. The share of industry in the gross national product increased substantially in China: Taiwan, southern Korea and Pakistan.

²¹ It is against this background and the existence of similar problems of food supply and nutrition affecting large populations in other regions that FAO launched the "Freedom-from-Hunger Campaign" in 1960. The Campaign was endorsed in October 1960 by the United Nations General Assembly which urged all member governments and the specialized agencies to support it in every appropriate way. The Campaign does not replace current national and international programmes for improving food supplies and nutrition. Its purpose is to reinforce and supplement such programmes, and to create a world climate of opinion, both within and outside governments, which would enhance their effectiveness.

²² The regional index of industrial production excludes small-scale industrial production in many countries and total industrial production in mainland China. Except in Japan, where, under existing labour and welfare legislation, data on small industries are collected on a continuous basis, arrangements for securing this type of information remain unsatisfactory in other countries. Even though traditional handicrafts have declined in many countries, small industry production has risen. Moreover, the national indices on which the regional index is built somewhat understate the growth as they have not been revised to give due weightage to the newly established industries which, in many cases, have grown more rapidly.

²³ The average annual increase for the region in 1953-1959 was a little over 16 per cent. For the world as a whole, excluding mainland China and eastern Europe, the average annual increase during this period was estimated at a little less than 8 per cent. The region's comparatively high rate of increase is largely explained by the fact that production started from a low base; the weight of the region in the index of world industrial production is less than 5 per cent, whereas the region accounts for about 45 per cent of the population of the world, excluding the Soviet Union and other centrally planned economies in eastern Europe and east Asia.

In this process of industrialization, the growth possibilities of small-scale industry, as distinguished from large-scale industry on the one hand and handicrafts on the other, were being increasingly recognized. Apart from the efforts made to export some special items, such industries have been found highly useful in that they manufacture a wide variety of goods for which the demand has been growing. Sheltered from competition from the domestic organized sector and protected from competing products from abroad by fiscal and other means, the value of the output of small industrial enterprises increased in many countries. The small industries in many countries received help from the government in many ways including financing, marketing and guidance in production methods. Industry in mainland China was bifurcated into modern and primitive and both sectors were to be simultaneously developed. Communes, which, among their other activities, engaged in industrial production became widespread. Apart from manufacturing simpler items by labour which was otherwise unoccupied, urban communes undertook relatively unskilled work in sub-contracts with factories. A number of workers in factories was thereby released for more skilled work.

There was also a movement, in many countries, to increase productivity in small industry by rationalizing and modernizing equipment and by using electricity provided by the expansion and extension of power grids. The latter accelerated the trend towards decentralization of industries to areas outside large cities and out of the predominantly urban or industrial zones. Electricity supplies were steadily increasing in the region. However, rural electrification was achieved to a satisfactory extent only in Japan and China: Taiwan. In India and Pakistan, even though power could not be brought to all the hundreds of thousands of villages, the establishment of various grids will help to provide power to the villages covered by the grids. The development of roads and other means of communication will further disperse and decentralize industry by opening up new areas and new work opportunities. Decentralization of industries is essential to the development of the relatively backward regions. This secures a rational use of national material and human resources. While the existing agglomeration of industrial installations cannot be dispersed, new industries may be located elsewhere, so that further strain on the available infrastructure can be avoided. Governments in framing their policies, have taken this problem into account and measures have been devised to correct the locational imbalance.

THE PATTERN OF INDUSTRIAL GROWTH

A review of industry in the ECAFE region during 1960 indicates that, apart from the recovery of mining, some of the trends noticed in earlier years

became even more significant and were likely to introduce far-reaching changes in the composition of output and the direction of further industrial growth. The large investment undertaken for some years, especially in the iron and steel industry, has begun to bear fruit. It is true that small and medium-sized units in this line, established in some of the smaller countries in the region, experienced comparatively higher costs of production and were dependent in the first instance on scrap or imported pig iron, or consisted of rolling mills using imported billets. However, in several countries, the establishment of such units provided a base for further industrial development and helped in building up a technological tradition. Even so, virtually all steel production was accounted for by three countries — Japan, mainland China and India. The expansion of the heavy machine goods industry, with steel as the key lever, marked a new phase of growth.

Table 4 shows the pattern of growth of industrial production in the region (excluding the centrally planned economies). Mining production, in the first half of 1960, was only 5 per cent above the second half, and 11 per cent above the first half of 1959. The rate of increase in manufacturing was almost twice as high, thus further widening the lag between the indices of the two groups. To some extent, this lag is a reflection of the worldwide tendency for technological and industrial progress to move in the direction of economy in the use of primary materials in the manufacturing process. World manufacturing production has, as a result, increased faster than world output of primary products.

In manufacturing, the rate of expansion varied between the principal groups of industries. Textiles encountered rough going in the first half of 1960; the increase in production was only 1 per cent above that of the second half of 1959. The rate of expansion was the highest in the food group (up 25 per cent over the 1959 level for seasonal reasons, the increase being only 10 per cent over the first half of 1959), metal products (up 15 per cent), and chemicals and metals (both up 12 per cent). On the whole, industrial production picked up after the 1958 slow-down, and the upward phase experienced in 1959 extended into 1960 with the same momentum. Use of equipment that had been idle during 1958, and the coming into production or installation of additional capacity of a large number of industrial projects, contributed to the rise in production during the period under review.

Mining

The tin producing countries of the region in 1960 took advantage of the favourable demand conditions, and the progressive reduction and the final abolition of export quotas by the International

Table 4. ECAFE Region: Industrial Production, 1957-1960
(Indices,^a 1953 = 100)

	Percentage distribution of weights	1957	1958	1959		1960		
				1st half	2nd half	1st half	% change over 1st half 1959	% change over 2nd half 1959
ECAFE region	100	166	168	191	208	230	+20	+11
<i>Country distribution^b</i>								
China: Taiwan	1.1	142	153	175 (179) ^a	171 (196) ^c	193 (206) ^e	+10 (+15)	+13 (+5)
India	32.7	130	132	139 ^d	149 ^d	158 ^d	+14	+6
Japan	47.7	167	168	195	220	251	+29	+14
Korea, southern ^a	1.3	169	186	206 ^d	219 ^d	229 ^d	+11	+5
Pakistan	3.3	192	215	232	249	...	...	...
Philippines	2.5	158	170	187	183	...	...	...
<i>Industry distribution</i>								
Mining	12.0	149	150	152	160	168	+11	+5
Manufacturing ^f	88.0	168	171	196	215	239	+22	+11
Textiles	15.5	144	138	145	158	160	+10	+1
Food, beverage and tobacco	13.6	131	136	150	132	165	+10	+25
Non-metallic mineral products	4.5	165	170	183	200	218	+19	+9
Paper and paper products	2.3	168	169	197	221	235	+19	+6
Chemicals, petroleum and coal	9.9	184	192	208	225	253	+22	+12
Basic metals	6.2	155	149	179	212	237	+32	+12
Metal products	15.1	231	243	307	381	437	+42	+15

Source: United Nations, *Monthly Bulletin of Statistics*, and national sources.

^a Coverage: China: Taiwan, mining, manufacturing, construction and public utilities; India and southern Korea, mining, manufacturing and electricity; Japan, mining, manufacturing and public utilities; Pakistan, mining and manufacturing; Philippines, manufacturing.

^b The remaining countries accounted for 11.4 per cent weights in the index as below: Burma 0.9, Ceylon 0.4, Indonesia 4.1, Federation of Malaya and Singapore 2.8, Thailand 1.6, other countries 1.6.

^c Excluding sugar production.

^d Seasonally adjusted figures.

^e 1954 = 100.

^f The remaining industries accounted for 20.9 per cent of total industrial production as below: clothing and footwear 5.3, wood products and furniture 6.4, printing and publishing 3.0, leather goods 1.5, rubber products 1.3 and miscellaneous 3.4.

Tin Council, reviewed in chapter 2.²⁴ The annual rate of production (in terms of concentrates) rose in the Federation of Malaya by 33 per cent in the first half of 1960 over that of 1959, and in Thailand by 26 per cent; it declined by 4 per cent in Indonesia.

Petroleum production continues to expand. Iran, the foremost producer of petroleum in the region, reported record production, even though there was a drop in the second quarter of 1960. As from the first quarter, production in Indonesia has been steadily increasing. There was a decline in crude petroleum output in the first half of 1960 in Brunei in comparison to the preceding half; production is dwindling and, unless new deposits are discovered, the present deposits are expected to be exhausted in twenty years. An important development in the field of petroleum industries is that, as a result of the rapid increase in consumption of petroleum and petroleum products, many countries in the region are taking a keen interest in the expansion of existing

refineries or the establishment of new ones. Among the countries which have taken some steps in this direction are Ceylon, China: Taiwan, India, Japan, southern Korea, Pakistan, the Philippines and Thailand. Mainland China's production in 1960 was reportedly higher by 40 per cent.

In the first half of 1960, average monthly production of iron ore rose by 35 per cent in India and by 36 per cent in the Federation of Malaya over the corresponding figures for 1959. As compared with 1959, the annual rate of coal production increased by more than 8 per cent in China: Taiwan, 9 per cent in India, and 28 per cent in southern Korea in the first six months of 1960; the rise in Japan (5 per cent) was smaller. In mainland China a 20 per cent increase in production in 1960 over 1959 was forecast. The development plans of Afghanistan and Pakistan have also endeavoured to emphasize local production of coal. In the latter country, reorganization and mechanization of mining operations and exploitation of newly discovered reserves in Baluchistan were expected to help.

²⁴ See pp. 35-36.

Textiles

In terms of capital invested, number of workers employed and value of output, textile industries rank high particularly in the newly developing countries of the region. However, this group of industries has recorded a low rate of growth in recent years. Of late, the attention given to modernization of equipment and replacement of obsolete machinery has led to increased capacity in production of cotton yarn and fabrics especially in India and Japan. The endeavours to achieve self-sufficiency in many countries, as well as the entry of Hong Kong, southern Korea, Pakistan and mainland China into international markets, despite reduced total export trade in cotton textiles, have adversely affected the traditional suppliers.²⁵ Exports are becoming more specialized with greater attention to quality and design.

The full force of the long-term stagnation of demand facing the cotton textile industry was not felt during the first half of 1960 owing to reduced availability of raw cotton. This partly explains why production moved forward only slightly in most countries.²⁶ Even when the raw material position improves in 1960/61, as expected, the industry faces an uncertain future due to lack of markets to absorb output. With synthetic fibres steadily making inroads into existing markets, the cotton textile industry is likely to experience stiffer competition. The potentialities of expanding home markets, however, should not be underestimated. Lower production and distribution costs could redound to the advantage of the industry.

The jute industry was also handicapped owing to a shortage of raw material in 1959/60. This scarcity and resulting speculation drove up prices. The development of the industry in Burma, China (mainland and Taiwan), Philippines and Thailand did not affect the major manufacturing countries—India and Pakistan—which appeared to be well entrenched in world markets. To meet the serious competition from substitutes, the industry in India has embarked on a modernization programme to reduce production costs. Efforts were made during the year to improve weaving machinery and to change the composition of output in favour of high quality goods.

Food, beverages and tobacco

The sugar industry, which is predominant in this group, is subject to seasonal influences; it is in full swing in the first quarter and active in the

second quarter of the year. In 1960, it had done considerably better only in India compared to its performance in the previous year. The improvement in the Philippines was moderate; on the other hand, production fell in China: Taiwan and Pakistan. The world sugar industry was facing adjustment problems as a result of political developments, such as the ban on imports of Cuban sugar into United States markets. This development helped China: Taiwan and the Philippines. The beverage and tobacco industries have been steadily growing in many countries.

Non-metallic mineral products

The cement, brick and tile, and glass industries, because of the booming demand for construction materials in the countries of the region together with simpler production techniques, availability of materials, requirements of relatively less skilled labour, smaller amounts of capital, and the possibility of organizing production on a medium or small-scale, at least for some of these products, have been the favourites in many countries of the region which are taking their first steps in industrial development. The region's production of cement—the most important of the non-metallic mineral products—increased from an average monthly production of 2.6 million tons in the second half of 1959 to 2.8 million tons in the first half of 1960. This increase was accounted for by Japan's production alone, which was 1.6 and 1.8 million tons in the respective periods. Production in mainland China was in the range of one and a quarter million tons per month. The non-metallic mineral industries continued to be confronted by problems of transport shortages, rising handling and fuel costs and the lack of raw material surveys. In large countries such as mainland China and India, the industry was being widely dispersed in a number of places, in close proximity to raw materials or markets.

Paper and paper products

Production of paper is still in its infant stages, and Pakistan alone, apart from Japan, has developed the industry commensurate with its domestic needs. The production in Japan accounts for more than 85 per cent of the weight in the regional index; it slowed down since the second half of 1959, and the increase in the first half of 1960 was not high. The rate of production was roughly at about 2.4 million tons a year on the basis of monthly figures available for the first half of 1960. The demand in mainland China could not be met by modern factory production, and handmade paper output was increased to meet the shortage. Production in India, southern Korea and Thailand remains small.

²⁵ See *Economic Survey of Asia and the Far East 1958*, pp.13-14.

²⁶ In the earlier months of 1960, a serious shortage of cotton also in mainland China was reported to have been caused by insect pests in cotton growing areas, thereby slowing down the rate of growth of the textile industry.

Chemicals

Next to the metal product industries, the chemical industries have recorded one of the highest rates of growth in the region. Chemical fertilizers, soda, inorganic chemicals and other related products, which had long been the mainstay of the output of Japan's industry, relatively decreased in importance in the last two years with the growth of new products such as petro-chemicals, organic synthetic chemicals and synthetic fibres. The investment in this industry was large and technological progress of a high order. China: Taiwan and India concentrated primarily on production of basic chemicals and fertilizers. Production of chemical fertilizers, acids, alkalis and synthetic rubber was to be increased in the 1960 production plan in mainland China. A feature of development in this country was the increase in the small-scale production of chemicals, notably sulphuric acid and pharmaceuticals, from indigenous raw materials. A large number of small chemical fertilizer plants had been built in the southwestern part of the country to meet the demands of agriculture. Progress in other countries was fairly widespread but it was confined to lines such as oils, pharmaceuticals, production of batteries, dry cells, etc., based on imported semi-finished products.

Base metals

Apart from pig iron and ferro-alloys, the manufacture of steel also rose steeply. In Japan, the iron and steel industry made rapid strides, and monthly average production rose from 1.25 million tons in the first half of 1959 to 1.75 million tons in the first half of 1960. Improvements in technique in the direction of saving raw materials (the prices of which were increasing) and control of heat helped to keep costs down. Since 1956, the industry has been made technically more efficient, thereby resulting in a shift in production in favour of sheet steel, coated sheets and special steel tools. The greater processing of the products and the availability of better quality steel at comparatively lower prices led to an increase in the production of a wide range of goods, especially in industries producing electrical machinery, appliances, automobiles and industrial and communications equipment.

Production of steel in mainland China was expected to be around 18 million tons in 1960. The progress achieved is attributed to the rise in technical efficiency and to the large investment made in order to expand the industry in the integrated steel centres such as Anshan, Wuhan and Paotow. The range of finished products widened and included high quality steel, new varieties of rails, steel plates, steel tubes and high-grade rolled steel.

An increase of over 24 per cent was registered in the average monthly production of steel in India as from 1959 in the first half of 1960, when production rose from a monthly average of 206,000 tons to 255,000 tons. The rolling mill at Bhilai went into operation in November 1959. The other steel plants in the public sector, located at Durgapur and Rourkela, have also commenced production, and these, together with the planned expansion of the industry in the private sector, will raise the nation's steel production capacity up to 6 million tons a year. However, it might take a year or two before full production is reached. With increased local production, iron and steel imports have been reduced. Among the manufactures, production of heavy and light structural rods increased substantially. Capital equipment and light engineering industries in India also received an impetus from the expansion of the iron and steel industry.

The other newly developing economies in the region, especially Burma, Ceylon, China: Taiwan, Indonesia, Iran, southern Korea, Pakistan, the Philippines and Singapore are in the initial stages of planning and development, and appear to encounter numerous difficulties due to lack of trained personnel, inadequate supplies of raw materials, smallness of the domestic market and no clear prospects of exports.

The growth in the zinc and copper industries was maintained, especially in Japan. Production of copper rose substantially in the Philippines. There was no significant increase in the region's production of lead. Aluminium gained further ground especially in Japan and India in 1960, and production levels were the highest recorded.

Metal products

The structure of the metal product industries in Japan underwent fundamental changes. Production of durable consumer goods, such as television sets, radios, automobiles, motorcycles, bicycles, electrical goods and other household appliances steadily increased. On the demand side, the reduction in prices of durable consumer goods and the rise in incomes contributed to this development. The increase in domestic demand, in addition to the export demand, for a wide range of durable goods has reacted favourably on the capital goods industries, which recorded the high rate of increase of 36 per cent in the first half of 1960, as compared with the previous year. Demand for tooling machines rose rapidly over a wide field. An interesting development was that the input composition changed, taking in much more of the products of the related industries, such as iron and steel, non-ferrous metals, plastics, rubber, paints and also of highly processed goods, notably steel plates and special steel. This form of growth

made it possible to develop the assembly of a large number of items in small and medium enterprises. Greater employment opportunities were available as the nature of work became more skilled, and wages increased; this, in turn, added to the demand for durable consumer goods.

Capital goods industries also fared well in India, where a significant increase in production was recorded in the first half of 1960, as compared with 1959, in machine tools, diesel engines, transport equipment and some other items of machinery. Production increased in a wide range of light industry products, such as bicycles and sewing machines and in manufacture of industrial small components. The increase in capacity, during 1960, for the manufacture of some items of machinery for textile, cement and paper industries was expected to replace imports. The shipbuilding industry also increased output, even though production fell far short of the needs of the country.

Machine goods production in mainland China, of late, has been increasingly directed to serving agriculture with a view to the technical transformation of that sector. The recent natural disasters have, to some extent, led to this line of thinking. The need to introduce skill and knowledge into rural areas has been stressed and many urban factories have established links with rural communes to meet their needs for equipment and technical know-how.

Developments in the metal and light engineering product industry in other countries of the region may be briefly touched upon. Production indices rose in China: Taiwan and in other countries. China: Taiwan, Indonesia, southern Korea, Pakistan and the Philippines strengthened their shipyards with special attention paid to the provision of repair facilities. The need to develop inter-island shipping in Indonesia and the Philippines led to a start in building coastal ships. The industry, however, is based on imports of engines and other components, such as steel plates.

Chapter 2

FOREIGN TRADE

GENERAL TRENDS

Continued expansion of industrial production in 1960 provided further stimulus to the expansion of world trade which, in 1959, had already picked up from the slump of 1958. In the first half of 1960, world¹ exports, at an annual rate of \$111 billion, were 10 per cent over 1959. Exports of primary exporting countries also rose, but only by 1 per cent to an annual rate of \$31 billion in the first half of 1960.

The rise in world trade accompanied the rise in world industrial production which, in the first half of 1960, was 5 per cent higher than in 1959. Industrial countries increased the annual rate of their imports by 16 per cent, the most striking feature of this growth being that it was concentrated on imports from other industrial countries rather than from primary exporting countries. The annual rate of their imports from other industrial countries rose in the first half of 1960 by 24 per cent over 1959 whereas that of their imports from the primary exporting countries did not rise at all. Even allowing for seasonality of trade, imports of industrial countries from primary exporting countries showed an increase of only 6 per cent over the first half of 1959.

Various reasons have been given to explain the lagging behind of the exports of primary exporting countries in the import structure of the industrial countries. Consumer imports are progressively shifting in favour of manufactured consumer durables. In manufacturing production there seems to be a trend towards international specialization, whereby world exchange of manufactured goods between industrial countries is being increased. Finally, technological progress tends to reduce the share of primary materials in the value of manufactured goods and to provide substitutes for primary materials themselves. As a result, even when world exports expand *pari passu* with world industrial activity, primary producing countries are not able to maintain their share.²

¹ Excluding the Soviet Union and other centrally planned economies in eastern Europe and east Asia.

² For a study of long-term stagnation of the exports of the primary exporting countries of the region see chapter 4 of the *Economic Survey of Asia and the Far East, 1959*.

Table 5. World Industrial Production and Foreign Trade, 1957-1960

Item	1957	1958	1959	1959 First half	1960 First half
<i>Industrial Production</i> (Index numbers of volume; 1959=100)					
North America . . .	96	89	100	100	104
Western Europe . . .	92	94	100	98	109
Japan	80	81	100	94	121
World	93	91	100	98	105
<i>Foreign Trade^a</i> (Value in billion dollars)					
Exports f.o.b.					
World	99.8	95.1	100.6	47.7	55.5
Primary exporting countries	30.6	29.2	30.8	15.0	15.6
Imports f.o.b.					
All industrial countries					
From industrial countries . . .	39.3	36.8	41.6	21.1	25.7
From rest of the world	21.5	20.6	22.0	10.4	11.0
North America					
From industrial countries . . .	11.2	11.0	13.3	6.4	6.7
From rest of the world	6.8	6.7	7.1	3.5	3.5
Western Europe					
From industrial countries . . .	26.4	24.6	27.0	14.1	18.0
From rest of the world	13.2	12.6	13.4	6.2	6.7
Japan					
From industrial countries . . .	1.68	1.17	1.38	0.66	0.90
From rest of the world	1.46	1.26	1.58	0.77	0.91

Source: United Nations, *Monthly Bulletin of Statistics*.

^a Excluding centrally planned economies.

ECAFE PRIMARY EXPORTING COUNTRIES

In 1960, the *primary exporting countries of the region* (excluding the centrally planned economies) fared better in their exports than the other primary exporting countries of the world.³ Whereas total exports of all primary exporting countries in the first half of 1960 were about 4 per cent higher than in the first half of 1959, the exports of the primary exporting countries of the region were 18 per cent higher. At an annual rate of \$7.6 billion for the nine-month period from January to September 1960, exports were 11 per cent above the corresponding period of 1959. Imports which had been kept under

³ Excluding the centrally planned economies.

control in 1959, following the sharp decline in exports in 1958, also shot up; at an annual rate of \$8.95 billion, they were 16 per cent over the first nine months of 1959.

Import prices showed a slightly upward trend in 1960; the export price indices in the first half of 1960 in several industrial countries exporting to the ECAFE primary exporting countries were somewhat higher than in 1959 (United States 1 per cent, United Kingdom 2 per cent, Federal Republic of Germany 1 per cent and Japan 3 per cent). However, the rise in the import prices of goods from industrial countries was to some extent compensated for by a fall in import prices of rice. As a result, import unit values showed, on the whole, uneven trends. In the first half of 1960, they were higher than in 1959 in China: Taiwan, the Federation of Malaya and Singapore, Pakistan, Philippines, Thailand and southern Viet-Nam, and remained at the same level or were lower than in 1959 in Ceylon, India, Indonesia and southern Korea.

Export unit values also rose in 1960; the only exceptions were China: Taiwan and possibly Burma (for which statistics are not available). China: Taiwan suffered the double disadvantage of lower prices for both sugar and rice. The low rice prices in Thailand were compensated for by higher prices of rubber, which replaced rice as the principal export item in the first eleven months of 1960. The terms of trade also improved, except for China: Taiwan, southern Viet-Nam and possibly Burma. The aggregate rise comes to about 4 per cent for the first half of 1960, as compared with the first half of 1959; the terms of trade deteriorated in the second half of the year with the fall in export prices—particularly of rubber and petroleum, two of the region's most important primary exports.

The countries had sharply improved their trade balance in 1959 from a trade deficit of \$1.61 billion in 1958 to a deficit of \$0.87 billion in 1959; this was the result of restricted growth in imports and a comparatively larger expansion in exports (see table 6). In the first nine months of 1960, as imports rose faster than exports, the balance of trade for the primary exporting countries of the region became more unfavourable; the deficit increased by \$314 million over the deficit in the same period of 1959. Favourable trading conditions continued for the Federation of Malaya, North Borneo and the Philippines; and these countries enjoyed an improved balance of trade. Other countries (except Brunei, China: Taiwan, Indonesia and Sarawak which experienced a decline in export proceeds from the transit trade in crude or refined oil products) let their balance of trade deteriorate largely on account of a higher rate of increase in imports. These countries

Table 6. ECAFE Region: Balance of Trade, 1958-1960
(Million dollars)

Country	Balance of trade			
	1958	1959	January-September 1959	January-September 1960
Total ^a	-1,763	-1,014	- 909	-1,490
Brunei	80	80	61	50
Burma	12	—	14	4
Cambodia	23	10	7	21
Ceylon	2	53	52	24
China: Taiwan	70	74	58	107
Federation of Malaya	75	239	163	211
Hong Kong	280	292	211	248
India	622	556	479	476
Indonesia	241	143	326	225
Japan	156	413	214	481
Korea, southern	362	264	196	191
Laos	26	12	9	9
North Borneo	1	7	5	6
Pakistan	94	32	30	181
Philippines	66	21	29	30
Sarawak	10	25	21	17
Singapore	196	153	119	140
Thailand	84	60	44	40
Viet-Nam, southern	177	150	109	107
Total (excluding Japan)	-1,607	- 871	- 695	-1,009

Source: United Nations Monthly Bulletin of Statistics, and national sources.

^a Excluding Afghanistan, Iran and Nepal for which data are not available.

either had their trading balance converted into a deficit (Burma) or else their previous deficits increased (Cambodia, Hong Kong, southern Korea, Laos, Pakistan, Singapore and southern Viet-Nam). The deficit in the balance of trade for some countries (Ceylon, India, southern Korea, Thailand and southern Viet-Nam) was reduced by an increase in the value of exports; only in Ceylon (and possibly in Laos) did the increase in exports go together with a reduction in imports.

Balance of payments data, even for the first half of the current year, are still preliminary and are available for only a few countries.⁴ In the first half of 1960, owing to a larger volume of exports and higher freight rates, payments abroad on account of transport and insurance increased substantially for these countries. On the other hand, the net current payments position on government account, indicating a retrenchment of non-trade government expenditure abroad, was more favourable in the first half of the current year than in the same period of 1959. Net payments on account of profits, dividends and interest on foreign private investment were slightly higher in the first half of the current year for Burma, Ceylon and the Philippines. In Indonesia, southern

⁴ Burma, Ceylon, Indonesia, southern Korea, Pakistan, the Philippines and Thailand.

Korea, Pakistan and Thailand, there was an improvement on this account; in the latter two countries there were actually net receipts. On the whole, the payments position on current account items other than merchandise trade deteriorated in the first half of 1960 in Ceylon, southern Korea and the Philippines, but improved in Burma, Indonesia, Pakistan and Thailand.

Pressure on balance of payments on current account was more than relieved by a net inflow of foreign public and private capital. For the seven countries referred to above, foreign official donations and long-term capital inflow showed an increase of \$851 million (annual rate) in the first half of 1960 as compared with \$653 million in 1959. The net inflow of foreign private capital (including donations) also increased to \$151 million (annual rate) in 1960 as compared with a total of \$62 million in 1959. The major beneficiaries of the increase were Indonesia and the Philippines, with the net inflow of private foreign capital and donations larger by an annual rate of \$45 million and \$49 million respectively.

As a sharp recoil from the adverse trade situation in 1958, foreign assets in most countries of the region had improved at the end of 1959. In the first half of 1960, the deterioration in the trade balance, the uneven trends in the net position on account of 'invisible' payments and the net increase in foreign aid, had the net effect of strengthening the foreign exchange holdings of some countries—Burma, the Federation of Malaya, Indonesia, the Philippines, Thailand and southern Viet-Nam—whereas those of other countries suffered various magnitudes of decline.

Not much material from the countries concerned⁵ is available on the foreign trade of the primary exporting centrally planned economies of the ECAFE area, except for the information derived from the trade data of their trading partners as given in

table 7.⁶ The information on the trade of these countries with the centrally planned economies in eastern Europe is available only up to 1959.

It is clear from the table that the total trade of these centrally planned economies is increasing. The increase during 1957-1959 was concentrated on their trade with eastern Europe,⁷ which accounted for two-thirds of their total trade. While trade data for 1960 are not available, most of the trade agreements provide for an increase in the volume of trade over 1959. Most important of these was the trade protocol signed in March 1960 between mainland China and the Soviet Union. Under this protocol⁸ the value of trade between the two countries was to be 10 per cent higher than the value under the 1959 protocol (7.2 billion roubles).⁹ Mainland China was to receive machinery and transport equipment, metals and metal products, petroleum and its products and chemicals, in exchange for tin, molybdenum ore, raw silk and silk goods, raw wool and woollen goods, tobacco, soybeans, rice¹⁰ and tea. In 1959, according to the trade figures released by the Soviet Union, 44 per cent of its exports to mainland China were complete industrial plants and 19 per cent other machinery and equipment; 32 per cent of its imports from mainland China consisted of clothing and woven goods.

⁶ The trade data obtained from partner countries suffer from three limitations: the time discrepancy between the despatch and arrival of goods; the discrepancy between f.o.b. and c.i.f. values; and the exclusion of a part of trade, due to non-availability of data from several countries which have trade relations with these centrally planned economies but which do not register or report trade statistics.

⁷ The trade is carried on mostly in barter terms, and the conversion of it from rouble into dollar values made by the United Nations Statistical Office may not accurately reflect the relative magnitude of its volume or its growth.

⁸ New China News Agency (NCNA), Peking, 29 March 1960.

⁹ Actual trade was 8.2 billion roubles—35 per cent higher than in 1958.

¹⁰ In 1959, Soviet imports of rice from mainland China totalled 658,400 tons.

Table 7. Centrally Planned Economies of Asia: Foreign Trade, 1957-1960
(f.o.b. values in million dollars)

Year	Imports from C.P.E. of Asia ^a into					Exports to C.P.E. of Asia ^a from				
	Eastern Europe ^b	Western Europe	ECAFE countries	Rest of the world	Total	Eastern Europe ^b	Western Europe	ECAFE countries	Rest of the world	Total
1957	1,115	124	379	82	1,700	1,010	225	205	100	1,540
1958	1,270	167	432	81	1,950	1,210	451	201	118	1,980
1959	1,485	195	338	82	2,100	1,590	393	157	110	2,250
1959 1st half . . . .	...	94	155	26	...	...	179	49	39	...
1960 1st half . . . .	...	152	208	30	...	...	226	96	82	...

Source: United Nations, *Monthly Bulletin of Statistics* (June 1960 and December 1960).

^a Mainland China, northern Korea, Outer Mongolia and northern Viet-Nam.

^b Albania, Bulgaria, Czechoslovakia, eastern Germany, Hungary, Poland, Romania and the Soviet Union.

The main characteristic of mainland China's trade with the private enterprise economies of the world is an import surplus in the trade with western Europe financed to a major extent by an export surplus to the ECAFE countries. In the first half of 1960, the trade with both these areas increased over the corresponding half of 1959.

In its trade with western Europe, mainland China moved towards a reduced imbalance by increasing its exports more than its imports. Its principal trading partners in this region are the Federal Republic of Germany and the United Kingdom. The former, in the first nine months of 1960, exported 10 per cent less, but imported 22 per cent more from mainland China than in the first nine months of 1959. In the first ten months of 1960, the United Kingdom exceeded the level of its total trade with mainland China in the whole year 1959. The bulk of mainland China's imports from western Europe consisted of ferrous and non-ferrous metals, machinery, wool tops and chemicals, while its exports were made up almost entirely of primary products such as oilseeds, tin and bristles.

Mainland China's imports from other ECAFE countries in the first half of 1960 were almost twice those in the first half of 1959, whereas its exports were about a third higher. It thus reduced its imbalance in trade with this area also. The rise in import values was to a certain extent accounted for by a rise in raw material prices, particularly of rubber. The ratios of mainland China's exports to its imports in 1960 were 9:1 (first ten months) in the trade with Hong Kong and 7:4 (first eight months) with the Federation of Malaya and Singapore. Mainland China, in its trade with Ceylon, in spite of a sharp increase in imports (61 per cent between the first ten months of 1959 and 1960) and a slight decrease in exports (8 per cent for the same period), retained an export surplus. On the other hand, it had a deficit in its trade with India.

The pattern of mainland China's trade with other ECAFE countries consisted on the export side of foodstuffs (including rice in its trade with Ceylon and Indonesia) and light industry products — notably textiles — in exchange for its imports of metals (through Hong Kong), rubber (from Ceylon, the Federation of Malaya and Singapore) and tin (from the Federation of Malaya and Singapore). As for its trade with India, it exchanged chemicals and newsprint for jute goods.

During the year, mainland China signed a number of trade agreements. The most important among the agreements with countries in eastern Europe was the protocol with the Soviet Union noted above. Significant among its protocols or agreements with the rest of the world are those with the United

Arab Republic involving the purchase of Egyptian cotton, with Cuba involving an annual purchase of 500,000 tons of sugar for five years, with Guinea involving the purchase of coffee, industrial diamonds, coconut products and oilseeds, with Morocco for the purchase of phosphates and with Burma for the purchase of rice. Mainland China thus seems to be having both an import and export trade in rice.

JAPAN

In the first nine months of 1960, Japan's exports reached an all-time peak annual rate of 3.9 billion dollars, thus exceeding by about 12 per cent the value of exports recorded in 1959. The actual value (\$2.9 billion) was already larger than for the whole year 1958. A strong foreign demand for Japanese goods in high-income countries, assisted by an improvement in export prices, was largely responsible for this unprecedented increase. Destination of exports, in the first half of the year, showed varying rates of increases. There was a sharp increase over 1959 in the annual rate of exports to western Europe (up by 24 per cent), and to Latin America (up by 17 per cent); Japan's exports to its two principal markets — the United States (up by 4 per cent) and the ECAFE countries (up by 11 per cent) — increased relatively less. The exports to mainland China remained virtually at a standstill. Exports to eastern European countries, still comparatively very low (about 1 per cent), expanded by 10 per cent in the first half of the current year as compared with the previous year.

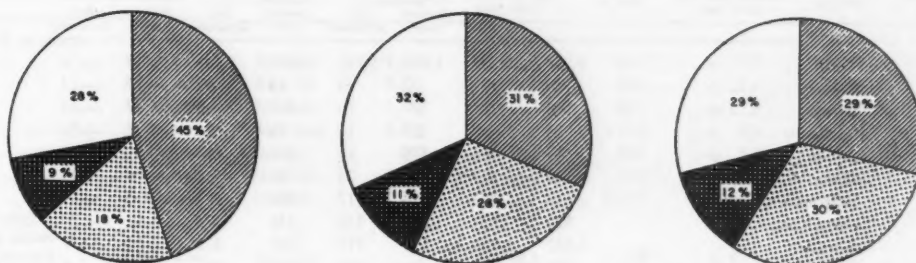
In the first half of 1960, the products which showed large increases in the annual rates of exports were machinery (26 per cent over 1959), base metals and manufactures (up by 30 per cent), textile products — fibres (up by 15 per cent) and fabrics (up by 12 per cent) — and the nondescript group of other manufactured goods (up by 33 per cent). Exports of chemicals (up by 4 per cent) increased much less and transport equipment suffered a slight decline. Among individual items, wireless equipment, particularly transistor radios, and textile and heavy electrical machinery showed notably larger increases.

Imports rose more than exports; at an annual rate of \$4.5 billion during the first nine months, they were 25 per cent above 1959, and were also at an all-time peak. Expansion in industrial production, increased investment demand and replenishment of inventories strengthened the import demand, in the first half of 1960, for raw materials, particularly scrap iron, coal, iron ore, textile fibres, crude rubber and raw hides. Imports from the United States, which accounted for about 35 per cent of the total, rose by 40 per cent. Imports from ECAFE countries (21 per cent in the first half of 1960) also rose at

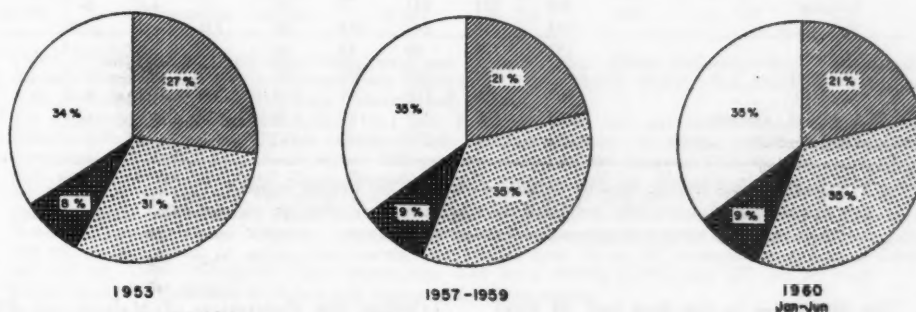
Chart 3

Japan: Direction of International Trade, 1953 and 1957-1960

EXPORTS



IMPORTS



■ ECAFE countries
(incl. mainland China)

▨ U.S.A.

■ Western Europe

□ Others

a substantial rate of 23 per cent, whereas imports from Latin America fell by an equal percentage. The rate of growth in imports from western Europe, in contrast to the sharp increase in Japan's exports to that area, was relatively small (11 per cent); in the case of the United Kingdom, there was even a decline (of 16 per cent).

The larger rate of increase in imports resulted in a trade deficit of \$481 million in the first nine months of 1960. If it continued at this rate for the rest of the year, the 1960 deficit would be at least four times as large as that in 1959 or 1958. During the first half of the year, the customary trade deficit with the United States substantially widened to \$237 million; Australia and New Zealand together accounted for a deficit of \$127 million. On the other hand, Japan continued to have an export surplus with western Europe and the primary exporting countries of ECAFE region and Latin America.

In addition to the accentuation of the trade deficit, there was some increase in the net outflow of private and public capital (including donations), although reparations payments decreased to \$26 million in the first half of 1960 from a total of \$70 million in 1959. Even so, gold and dollar reserves, aided by receipts from foreign military establishments and off-share military procurement, rose to \$1.66 billion at the end of September 1960 from \$1.32 billion at the end of 1959. The authorities took advantage of the comfortable payments position to undertake a substantial relaxation of restrictions on foreign trade and payments, reviewed in chapter 3.

EXPORTS

EXPORTS OF THE REGION'S PRIMARY
EXPORTING COUNTRIES

The year 1959 had closed with an increase of 12 per cent in the value of exports of primary exporting countries. Most countries shared in this

Table 8. ECAFE Region: Exports, 1958-1960
(f.o.b. values in million dollars)

Country	1958	1959	1959		1960		Change in 1960 over corresponding period of 1959 (per cent)	
			January-June	July-September	January-June	July-September	January-June	July-September
Total ^a	9,258	10,588	4,810	2,731	5,707	2,891	+19	+6
Brunei	106	101	52	25	43	22	-17	-12
Burma	193	223	99	70	141	48	+42	-31
Cambodia	53	60	27	16	28	21	+4	+31
Ceylon	359	368	175	92	199	94	+14	+2
China: Taiwan	156	157	94	24	86	30	-8	+25
Federation of Malaya ^b	616	807	352	217	482	247	+37	+14
Hong Kong	524	574	258	148	340	178	+32	+20
India	1,222	1,308	558	357	637	333	+14	-7
Indonesia	755	872	431	207	434	195	+1	-6
Japan	2,877	3,457	1,540	884	1,845	1,049	+20	+19
Korea, southern	16	19	10	5	12	8	+20	+60
Laos	1	1	0.4	0.3	0.6	0.2	+44	-33
North Borneo	43	58	25	16	35	18	+40	+12
Pakistan	302	321	141	72	207	77	+47	+7
Philippines	493	530	244	148	304	131	+25	-11
Sarawak	152	174	86	45	86	39	-	-13
Singapore ^b	1,026	1,124	523	292	587	277	+12	-5
Thailand	309	359	168	91	201	96	+20	+5
Viet-Nam, southern	55	75	26	22	39	28	+50	+27
Total (excluding Japan)	6,381	7,131	3,270	1,847	3,862	1,842	+18	-

Source: United Nations, *Monthly Bulletin of Statistics*, and national sources.

^a Excluding Afghanistan, Iran and Nepal for which comparable data are not available.

^b Including trade between Singapore and Federation of Malaya.

expansion. The difficulties in the first half of 1959 of rice exporting countries (Burma, Cambodia, Thailand and southern Viet-Nam) and of Pakistan were removed, in the second half of the year, by an improvement in the demand for rice and textile fibres. All these countries had closed the year with an increase in exports.

In the first half of 1960, the value of exports of the primary exporting countries of the region was 18 per cent above the first half of 1959, although it was almost at the same level as in the second half of 1959. The slow-down does not appear to be seasonal. Excepting the few countries (Brunei, Laos and the Philippines) for which data for the third quarter are provisional, they indicate a slight fall of 0.3 per cent between the third quarters of 1960 and 1959.

Keeping the analysis within the confines of comparing the first halves of 1960 and 1959, the value of exports was lower in the first half of 1960—due to adverse factors affecting their specific exports—only in Brunei (petroleum) and China: Taiwan (rice). On the other hand, significant increases were registered in other countries exporting rice (Burma, Thailand and southern Viet-Nam), rubber

(Ceylon, the Federation of Malaya and Thailand), tea (Ceylon), copra (the Federation of Malaya, North Borneo and the Philippines), sugar (the Philippines), textile fibres (Pakistan) and manufactures thereof (Hong Kong, India and Pakistan), and mineral products, including petroleum (Iran), tin (the Federation of Malaya and Thailand) and iron ore (the Federation of Malaya). Although Indonesia had a stake in several of these export commodities which did well in general, its exports remained about the same in value as in the first half of 1959 and declined in the third quarter. The entrepôt trade (Hong Kong and Singapore) also seems to have been brisk in the first half of 1960 as compared with the same period in 1959.

The volume of exports of primary commodities increased in the first half of 1960 over the corresponding period of 1959 for all products except rubber (see table 9). The decline in the volume of rubber exports was primarily accounted for by Indonesia, although other producers also reported smaller quantities of their rubber exports than in the first half of 1959. Only Ceylon was an exception; its rubber exports are primarily governed by the trade agreement with mainland China.

Table 9. ECAFE Region: Production, Volume of Exports and Prices of Export Commodities, 1959-1960

Commodity	Unit	Production			Volume of exports		Prices ^a	
		Period compared	1960 or 1959/60	Change over preceding year (per cent)	First half of 1960	Change over first half of 1959 (per cent)	First half of 1960	Change over first half of 1959 (per cent)
Agricultural products								
Rubber	1,000 tons	Jan-Sept	1,290	— 4.5	854 ^b	— 7.3	120.17	+ 29.6
Cotton	1,000 bales	Aug/Jul	5,125	— 14.5	511	+ 12.6	28.43	+ 9.9
Jute	1,000 tons	Jul/Jun	1,798	— 11.2	421	+ 17.9	6.67 ^c	+ 20.4 ^c
Sugar ^d	1,000 tons	Sep/Aug	6,433	+ 11.0	1,190	+ 4.9	82.34	— 2.6
Tea	million pounds	Jan-Jul	612	— 1.2	403	+ 3.3	2.14	+ 12.6
Copra	1,000 tons	Jan/Dec	2,500	+ 14.2	418 ^e	+ 35.7	43.85 ^f	— 15.9 ^f
Rice	1,000 tons	Jul/Jun	87,266	+ 3.3	2,254	+ 40.6	42.8	— 11.4
Mineral products								
Tin (in terms of concentrates) . .	1,000 tons	Jan-Aug	51	+ 30.8	48 ^g	+ 67.7	793.2	+ 1.7
Iron ore	1,000 tons	Jan-Jun	9,999	+ 34.9	4,254	+ 15.1	40.00	—
Petroleum, crude . .	1,000 tons	Jan-Jun	37,155	+ 10.3	...	...	1.67	— 2.3
Petroleum products .	1,000 tons	Jan-Jun	29,857	+ 27.9	...	...	11.75	+ 1.1
Manufactures								
Jute manufactures .	1,000 tons	Jan-Jul	797	+ 6.0	385	— 0.3	47.3	+ 11.8
Cotton fabrics . . .	million metres	Jan-Mar	2,183	+ 5.4	960	+ 6.7	56.8	+ 13.6

Source: United Nations Food and Agriculture Organization, and national sources. Cotton production—from International Cotton Advisory Committee. Rubber production—from International Rubber Study Group. Tea production comprising four main producing countries: Ceylon, India, Indonesia and Pakistan.

^a The following prices are quoted: Rubber: No.1 RSS, Singapore, Straits cents per pound. Cotton: 289 F Punjab SGF, Karachi, including export tax, US cents per pound. Jute: Raw, white bottom, Narayanganj, US cents per maund. Sugar: Cane sugar, all kinds, f.o.b. Taiwan exports US\$ per ton. Tea: Leaf for export at Calcutta auction excluding export duty and excise, Rs. per pound. Copra: Resocada, Manila, pesos per 100 kg. Rice: Export f.o.b. Bangkok, white rice 5% broken, £ per long ton. Tin: metal, London-Cash, £ per long ton. Iron ore: Fe, 60% f.o.b. Calcutta, Rs. per long ton. Petroleum, crude: Kuwait, export price, f.o.b. Mona al Ahmadi, 31-31.9° API gravity, US dollars per barrel. Petroleum products: United Kingdom, domestic price in "Inner zones" delivered in bulk, minimum 500 gallon lots; fuel oil, medium, pence per gallon. Jute manufactures: Hessian cloth 10½ oz 40", domestic export price at Calcutta, Rs. per 100 yds. Cotton piecegoods: Japan, export price f.o.b. heavy shirting S/2003 grey 38", yen per yard.

^b Exports from the Federation of Malaya and Singapore are net of imports.

^c Refers to January-March only.

^d Centrifugal only.

^e Coconut oil and oil equivalent of copra.

^f Refers to January-May only.

^g Including deliveries from mines in the Federation of Malaya to smelters in Singapore, Penang and Butterworth.

The trend in export prices was less even. Rubber and textile fibres fetched significantly higher prices. The extent of the rise in tea prices in Calcutta auctions (shown in table 9) was rather exceptional, affected as it was by the fall in northeast Indian output; tea prices elsewhere rose only moderately. Tin, crude petroleum and iron ore prices were relatively stable during the period, although tin was slightly higher and crude petroleum slightly lower than in the first half of 1959. On the other hand, the markets for rice, sugar and copra were soft; for rice and copra in particular, the sharp increase in the volume of exports was associated with significantly lower prices.

The developments in the second half of the year altered the picture of the first half; prices appeared to have become somewhat more unstable. Rubber and sugar prices reversed their course; that is, rubber fell and sugar rose. The same happened to jute and rice, but only for a while; jute fell at

first but rose again, whereas rice prices rose and then fell again. The stability of tin and crude petroleum prices in the first half of 1960 also gave way to accentuated movements; there was a sharp rise in tin and a significant cut in crude petroleum prices.

However, the volume and value of the export trade of the primary exporting countries, on the whole, continued to be buffeted in world markets by the brute forces of demand and supply. The demand for industrial raw materials was strengthened by the brisk economic activity in the industrial countries of the world in the period of recovery from the 1958 recession, although, towards the end of 1960, portents of yet another recession were visible on the horizon. Exports to the United States in 1959 had risen sharply (by 18 per cent) from 1958; the value in the first half of 1960 was higher (by 13 per cent) than in the corresponding period of 1959. Exports to Japan and to western Europe had also increased.

On the other hand, the decline in the share of intra-regional trade among the primary exporting countries of the region, which was noticed in 1958 and 1959, seems to have been barely arrested. Both in 1959 and in the first half of 1960, it was a shade less than 20 per cent of the total, whereas it had accounted for 24 per cent in 1957 and 23 per cent in 1958. The decline is partly the result of the success achieved by the importing countries in their efforts to attain self-sufficiency in foodgrains, raw materials and textiles, and of the growing availability of alternative sources of supply. Particular mention may be made in this connexion of the increased supply of raw cotton and wheat from the United States under Public Law 480.

In order to diversify their export base for the sake of export stability and growth, several primary exporting countries of the region have intensified their efforts to expand their *exports of manufactured goods*. To some extent, the increased exports are a reflection also of increased manufacturing capacity. India appears to have become a significant exporter of manufactured goods; the share of manufactures had steadily risen to 44 per cent in the first half of 1960. China: Taiwan and Pakistan have also rather sharply increased the share of manufactured goods in their total exports (see table 10). The range of products exported has, however, remained limited, with textiles

(cotton and jute) predominating. Whereas the textile exports of India — the major textile exporting country among the primary exporting countries of the region — have remained relatively stationary over the period since 1957, those of the new entrants to the world textile markets have been growing.

COMPETITIVE STRENGTH OF JAPAN'S EXPORTS

Whereas world exports increased at the average rate of 6 per cent per annum during 1953-1959, the rate of annual increase in Japan's exports has been roughly 18 per cent. The increase has been achieved through radical changes in the prewar geographical distribution of trade. The loss of Chinese and Korean markets, which provided the main outlet for Japanese exports in the prewar period, has tended to reduce the importance of ECAFE countries in the export trade of Japan; the changing structure of Japan's export goods has reduced it further in the postwar period.

Japan's exports to industrial countries are, on the other hand, increasing; in fact, almost half the total increase in Japan's exports from 1953 to 1959 was to industrial countries. Among the industrial countries, the United States has emerged as the principal buyer of Japanese exports, although western Europe has also increased its share (see chart 3).

Table 10. ECAFE Countries: Exports of Manufactured Goods, 1957-1960
(Million dollars)

Country totals ^a and major items	1957	1958	1959	1959 1st half	1960 1st half
China: Taiwan	13	19	33	14	20
(per cent of total exports)	(9)	(12)	(21)	(15)	(24)
of which: Textiles	3	2	12	4	8
Hong Kong ^b . . . . .	...	...	353	158	224
(per cent of total exports) . . . . .	...	...	(89)	(88)	(90)
of which: Textiles . . . . .	...	...	72	35	42
India	528	468	544	237	281
(per cent of total exports)	(38)	(38)	(42)	(42)	(44)
of which: Textiles	429	385	426	184	215
Leather	45	38	60	26	29
Pakistan	44	31	84	31	58
(per cent of total exports)	(12)	(10)	(26)	(22)	(28)
of which: Textiles	38	27	77	28	49
Philippines	10	15	24	11	9 ^c
(per cent of total exports)	(2)	(3)	(5)	(5)	(3) ^c
of which: Wood and cork manufactures	4	9	18	8	6 ^c
Total of countries listed above (excluding Hong Kong)	595	533	685	293	368
(per cent of total exports)	(26)	(25)	(30)	(28)	(30)

Source: Compiled by ECAFE secretariat from national sources.

^a Approximating as far as possible to SITC section 5,6,7, and 8, but excluding base and precious metals.

^b Excluding re-exports.

^c Estimate based on 3 months, January-March.

There have also been temporary factors, such as the prolonged steel strike in the United States during 1959, which have contributed to some extent to an increase in exports of steel and steel manufactures from Japan. The relatively liberal policies pursued by the United States with regard to imports have also contributed to this result. But the rise in exports has been primarily due to Japan's growing competitive strength and to her increasing ability to cut into the domestic and foreign markets of other industrial countries with a number of manufactured products, such as transistor radios, cameras, toys, high-quality textiles and other high-income consumer goods. It will therefore be of interest, in the context of present developments, to examine the comparative cost factors that contribute to making Japan's relative position advantageous and to attempt to examine how that position is likely to change in the next decade or two.

Japan depends on imports for a large part of the raw materials required for her industry. Some of the major imports which have to be hauled from long distances have increased the raw material costs in a number of cases. In 1959, the Japanese prices of some of these main imports were higher than prices in the United States; iron ore, by 32 per cent; coking coal, by 63 per cent; crude oil by 37 per cent; heavy oil, by 62 per cent; soda ash, by 62 per cent; and crude soybean oil, by 75 per cent. This heavy dependence on imports of raw materials is a competitive disadvantage, at current rates of exchange, *vis-à-vis* many of the leading industrial countries.

The price problem of imported raw materials is being tackled by the development of raw-material-saving techniques. In the manufacture of iron, for example, not only has the size of blast furnaces been improved, but the coke used per ton of pig iron has been reduced considerably, year by year, until it is now said to be at about the lowest ratio in the world. The steel-making process has also been improved by using oxygen to reduce heat and to lower pig iron requirement. The success achieved in controlling heat has benefited many industries, notably, the cement industry. The increase in the size of electrolytic furnaces has benefited aluminium production. Improvements in tooling and designing have enabled the automobile industry to save on raw materials by reducing the bulk of many parts. The raw material problem has also been met by a switch-over from dearer to cheaper — or scarcer to more abundant — raw materials. The electrolytic method and the use of coal are being displaced by the use of petroleum and natural gas, saving about 40 per cent of the coal requirements in 1959. This change-over, which has helped to save on costs, is rapidly growing in the iron and steel, glass and thermal

power generation industries. The development of domestic petro-chemical industries will also encourage this substitution.

Another favourable factor in recent years has been the lower costs of transportation. Freight costs account for a large part of the prices of some imports, such as petroleum and iron ore. This advantage is of course common to all the countries depending on maritime transport for their raw material needs. But the lowering of freight rates has reduced the disadvantage suffered by Japan and other countries in this category *vis-à-vis* countries which are mainly or wholly dependent on domestic supplies of raw materials.

Cost inflation, which has pushed prices up, particularly in the United Kingdom, and to a lesser extent, in the United States and in the Federal Republic of Germany, has not affected Japan, as Japan's economic expansion since 1954 has on the whole been achieved under stable price conditions. However, the main reason for the relative cost-advantage has been that Japan has so far continued to be a labour-surplus economy.

Japan has abundant trained labour available at wages comparatively lower, at current rates of exchange, than in other countries. Also the rise in wages has fallen behind a remarkable rise in productivity. As a result, labour costs per unit of finished product actually fell during 1953-1958. But this phenomenon was not general. A high rate of increase in productivity was experienced in the machinery industries, particularly transportation machinery, oil and coal products and chemicals. On the other hand, in light industries, notably, hides and skins, foodstuffs and lumber, the rise in labour productivity was negligible, if any, and labour costs were rising. Those industries which attracted larger investments or which were modernized, or which changed production to suit growing demand, showed impressive increases in productivity. Fixed assets per worker in many industries, such as iron and steel, automobiles, chemicals and oil refining, grew rapidly. The comparatively lower proportion of labour costs to the total resulted in larger profits, which were ploughed back to strengthen the industry. Even though wages at current prices increased by 5.5 per cent a year during 1953-1958, the rise was much lower than that in productivity. This development is in contrast with that in other industrial countries, where the average rate of increase in wages was higher than that in productivity (see table 11). It was only in Japan that wages did not keep pace with the rise in productivity during 1953-1959.

The relative lowness of the wages is, in part, a reflection of the artificiality of the current rates of exchange which, while it raises the prices of the

raw material element, gives Japan a cost-advantage in respect of the domestic element in the export prices of its products. In real terms the disparity is much smaller. Secondly, wages have not risen owing to the fact that Japan has not yet attained full employment. If, under the circumstances, wages were raised, the objective of full employment would recede. In some industries, a policy of increasing employment has led to labour being employed, at comparatively lower wages, to perform jobs done by machines in other countries. For example, the automobile industry is more labour-intensive than its counterparts in other countries; accordingly, the average wage, as well as productivity, is lower. This is also the case with many of the medium and small-scale industries. Higher wages prevail in the capitalized and more efficient industries. Even so, the wages are substantially lower, at current rates of exchange, than in other industrial countries. In the iron and steel industry, for example, the wages are roughly one-fifth of those paid for similar jobs in the United States and a little over two-thirds of those prevailing in the Federal Republic of Germany, France and the United Kingdom.¹¹ Labour productivity in the main industries appears to be at different levels. In cotton spinning, Japanese output level approaches about four-fifths of that of the United States when measured in terms of physical output per man-hour. In some other major industries, such as coal, iron and steel, cement and electric power, Japanese productivity falls far short of the standard in the United States, although the situation in respect of coal is not quite comparable. Productivity in other industries is very much the same or even higher than in the Federal Republic of Germany, United Kingdom and France. However, productivity falls sharply when comparisons are extended to medium and small enterprises. The labour is untrained, the equipment antiquated, and productivity low. These industries are confronted with difficulties even in domestic markets. If productivity in the economy as a whole is to rise, it is in this sector that major improvements are called for. When the productivity and wage levels are considered together and costs worked out in the principal industries, Japan seems to possess a distinct advantage, as shown in table 11. The lower and falling labour cost per unit of product has been a major factor in improving Japan's competitiveness in the world market for manufactured goods.

However, the present advantage gained from being a labour surplus economy is likely to be diminished in the near future. So far, it has been

Table 11. Principal Industrial Countries of the World: Productivity, Employment, Wages and Labour Costs, 1953-1958

(Annual average of increases per cent in annual indices)

Country	Productivity ^a	Employment	Wages	Labour cost ^b
United States	2.9	-2.1	3.8	0.9
United Kingdom . .	2.5	0.8	6.5	4.0
France	7.7	1.3	8.2	0.6
Federal Republic of Germany	5.6	5.1	6.9	1.2
Japan ^c	7.6	6.4	5.5	-1.8

Source: Government of Japan, *Economic Survey of Japan, 1959-1960*, page 234.

^a Production index divided by employment index divided by index of hours worked per week.

^b Wage index divided by productivity index.

^c Average of 1953-1959.

found possible to secure a continuous supply of trained labour without strain. The educational facilities and industrial traditions have developed in Japan a fine working force readily available for further economic growth. This abundant availability has, however, placed labour in a weak bargaining position compared with that in other countries. Nevertheless, the demographical factors in operation are likely to change the position in the years to come;¹² consequently, the unemployment problem is likely to become less pressing. There has been a precipitous fall in the birth rate since 1950. The death rate has also sharply decreased. Even though the work force will continue to increase until about 1970, because of the high birth rate prevalent in the early postwar years coupled with this decline in the death rate, the current annual increase of about 1.3 to 1.4 million persons a year is likely to drop sharply to less than half that figure. The ratio of work force to the total population of working age, which in Japan is now around 65 per cent as compared with about 55-60 per cent in the western industrial countries, is also likely to come down as incomes increase. With increased family incomes, younger members of families will seek further education and postpone seeking employment. Then, labour costs will go up as the supply of labour decreases and the demand by labour organizations for higher wages and reduction of working hours gathers strength and momentum.

Moreover, with the present rate of high saving and capital formation in the economy, and with automation and mechanization gaining ground, al-

¹¹ These broad comparisons, however, do not take into account the differences in non-wage benefits, such as subsidized housing, medical care, food and transportation, which are accorded to labour in large enterprises. If all these factors are taken into account, the wide gap is somewhat narrowed.

¹² See S. Okita: "Japan's Economic Prospects," *Foreign Affairs*, October 1960. This article is based on the findings of the committee to examine the economic prospects of Japan in 1980.

though the need for unskilled labour will diminish, shortages of highly trained labour, which are already being felt in some of the modern industries, will develop. Japan has begun to move towards full employment and, in a decade or so, many changes may be expected in the labour market. Wages are likely to rise and be more and more akin to those prevailing in other leading industrial nations. The higher wages in the larger industries will influence the wage structure in the rest of the economy. Labour in other sectors will gravitate to better paid occupations, and modernization of the backward sectors will become necessary in order to keep the units efficient and to retain the needed labour.

On the other hand, with the high rates of capital investment and technological progress, a sharp rise in productivity is anticipated. The current moves towards increased liberalization and exposure of the economy to international competition will have a considerable impact on the structure of industry. First of all, those low productivity industries which are faced with obstacles in procuring raw materials at economic prices or which do not have efficient equipment to withstand competition will decline, unless they are able to improve the techniques of production in vogue at present. Secondly, it will become clearer in which industries Japan can develop sales in international markets. The export pattern has been changing in favour of high quality and highly processed goods. The markets for commodities requiring comparatively unskilled labour at relatively low wages, such as cotton yarn and cotton fabrics, are being lost to other countries in the region. On the other hand, Japan possesses advantages in labour-intensive exports requiring skilled labour, such as transistor radios, cameras, and some assembled products such as sewing machines and other consumer durables. Increased investments in these industries will be undertaken to make them stronger in world markets. Thirdly, the leading industries—notably heavy machinery and petro-chemicals—will be considerably strengthened with technological improvement so as to provide for increased exports as well as for domestic needs. A number of industries based on increased diversification and on higher processing of products of the expanded basic metals industry will be developed. The automobile industry and some of the durable consumer goods industries have benefited by this development and are now ready for technological improvement designed to raise productivity. Brisk investments in their modernization are foreseen. Finally, the development of mass consumption in a number of goods previously limited to the higher income groups, as well as growing opportunity in export markets, will be a crucial factor in accelerating further industrial investment.

Thus, on balance, there appears little likelihood of a threat to Japan's competitive strength in the near future. While wages may rise, sharp increases in productivity are anticipated. However, for the long-term future, it is impossible to forecast the net effects of these developments on Japanese cost structure *vis-à-vis* those in other industrial countries. If in the event Japan loses its comparative labour-cost advantage, could it compensate for this loss by its higher rate of saving? Would the high rate of saving (and investment) be maintained, if the distribution of incomes were to change in favour of the working classes? Would technological progress in Japan keep pace with that in the other countries? Any prediction as to the long-term prospects of Japan's exports would require answers to these questions. There is also another feature. The very advantage of ample labour supply and low labour costs which has favoured Japan *vis-à-vis* other industrial countries of the world may now be exploited by the newly developing economies—India and mainland China, for instance—to the disadvantage of Japan. Japan's competitive advantage may, therefore, get sandwiched between pressures arising, on the one hand, from the developing economies with their labour-cost advantage and, on the other, from the industrial countries—including the United States and the Soviet Union—which possess a better raw material base and which may attain higher rates of technical progress.

PRIMARY COMMODITY TRENDS¹³

The supply of *natural rubber* tends to be inflexible in the short run, for it is dependent upon the quantity and quality of trees already planted in the producing countries. Over 90 per cent of world production of this commodity is in southeast Asia, with over two-thirds of it in two countries—the Federation of Malaya (34 per cent of the world total in 1959) and Indonesia (35 per cent). The Federation of Malaya, with state-promoted schemes of replanting and its research-boosted production, has been gradually closing the gap and threatens to overtake Indonesia as the world's leading producer. In Indonesia, production, particularly on the estates, is falling.

In the long run, the demand for natural rubber is buoyed up by the growth of rubber-consuming industries, but modified by the growing substitution of synthetic rubber for natural rubber. Between 1949 and 1959, consumption of synthetic rubber grew over threefold whereas that of natural rubber increased only by a half. The rubber trade, in

¹³ The trade in rice, which is primarily intraregional, is discussed in the section on imports together with other foodgrains; see pp. 37-39.

recent years, has been influenced by the decisions of the United States and the United Kingdom to sell from their stockpiles and, also, by the growing but spasmodic purchases of the Soviet Union and mainland China in Singapore and London markets. In 1959, these two countries bought a total of 384,000 tons, or about 18 per cent of the total crop.

Between 16 October 1959 and 31 July 1960, the United States sold from its stockpiles a total of 86,400 tons.¹⁴ On 4 May 1960, the Disposals Act, providing for the sale of 477,500 tons from the United States Government strategic stockpile over a period of nine years, went into effect. The quantities which are to be released from time to time are to vary with prices, in order to avoid disrupting the market. The United Kingdom with much smaller stocks than the United States is also depleting its stocks; the extent of monthly sales from the government stockpile is to vary, as in the United States, with the price in the commercial market. The price-quantity schedules of releases in the two countries are shown below:

United States		United Kingdom	
Price range (US cents per lb)	Maximum disposals per calendar quarter (long tons)	Price range (pence per lb)	Maximum disposals per calendar month (long tons)
Under 30	none	Below 25½	none
30 to less than 32	9,000	25½ to below 27	800
32 to less than 34	18,000	27 to below 28½	1,600
34 to less than 36	27,000	28½ to below 30½	2,400
36 and above	no limit	30½ and above	no limit

Due to a drop in Indonesian output, the ECAFE region produced 4.5 per cent less in the first nine months of 1960. Exports during the period declined by 11 per cent compared with the same period in the previous year, as against a decline in world consumption of natural rubber of about 3 per cent. There was an increase (by 10 per cent) in Ceylon's exports; those to mainland China increased sharply. Net exports from Indonesia, the Federation of Malaya and Singapore and Thailand declined. The forecasts for the balance of the year predicted an easier supply situation. Synthetic rubber consumption was anticipated to increase by about 12 per cent, whereas natural rubber consumption was expected to decline by 5 per cent for the whole year 1960. Part of the natural rubber consumption would be met from stockpile releases.

From a low of 25.5 cents per pound (No. 1, RSS, New York spot price) in June 1958, prices had risen steadily through 1959 in response to a strong increase in demand for consumption in all the major consuming areas. They reached their

1959 peak at 45 cents in November. During the first six months of 1960, as a result of the tight supply situation the average price of New York, No. 1, RSS, was 28 per cent higher than during the same period of 1959; the 1960 peak was reached at 45.6 cents in June. From July, prices began to fall; neither the Soviet Union nor mainland China were in the market. By August, prices had reached the levels—36 cents per pound in New York and 30.5 pence per pound in London—below which the previously unlimited releases from government stockpiles would begin to be restricted.

The demand for tea in the importing countries was considered likely to rise in 1960 in line with the population growth. Imports were higher in the United Kingdom (by 1 per cent in the first eleven months of 1960 as against the corresponding period of 1959), and in the United States (by 9 per cent in the first eight months); they declined, on the other hand, in Canada.

The production of tea, in the first seven months, was smaller, due particularly to the drop in output in northeast India. The tea market, on the whole, was uneventful in the first three quarters of 1960, except for a price rise in Calcutta auctions due to depletion of stocks. Prices in other markets were only moderately higher. The average import price at London auctions for the first nine months of 1960 was about 4 per cent higher than during the corresponding period of 1959.

As for (but to a lesser extent than) rice, rubber and tea, the region accounts for a major portion (63 per cent in 1957) of the world supply of *copra* and coconut oil. After a sharp decline from 1957 to 1959, the supply of copra was expected to increase substantially in 1960. The forecast was for total world copra and coconut oil exports of 1.2 to 1.3 million tons in terms of oil in 1960, as against 0.98 million tons in 1959. With expanding production, coconut and copra exports of the region (in terms of oil) in the first half of 1960 increased substantially—by 36 per cent from the corresponding period of 1959. Philippine shipments of copra—normally one third of the world total—were, in the first nine months of 1960, 46 per cent higher than in the corresponding period of 1959, whereas oil exports declined by 23 per cent; and, while exports of copra to the United States fell by 5 per cent, those to western Europe more than doubled during this period. Western Europe was rebuilding its stocks of copra and coconut oil, which were running low at the end of 1958 and which could not be built up in 1959 due to inadequate supplies.

Indonesian exports of copra, during the first half of 1960, increased by almost 2 per cent from the same period of 1959. Unregistered trade in

¹⁴ Equivalent to 4 per cent of total production of natural rubber in 1959.

copra is diminishing; during the first half of 1960, officially reported exports of copra were estimated to be about two-thirds of the total, as against one-half in the corresponding period of the previous year. This trend was a result of improved prices paid to producers by national marketing co-operatives. The rise in exports of copra from Indonesia in the first half of 1960 could have been greater but for a temporary embargo on copra shipments in January 1960 to increase domestic supply. The country's total exports for the whole year 1960 were planned at 200,000 tons of copra, a level slightly above the average for 1958 and 1959.

The copra exports of Ceylon, which had fallen sharply between 1956 and 1958, and then risen in 1959, fell sharply again (by 22 per cent on the basis of oil) in the first ten months of 1960, but it appears that the decrease was due to a fall in the availability of copra for export rather than to a fall in output. In the first nine months of 1960, North Borneo increased by 43 per cent the level of copra exports in the corresponding period of the previous year; net exports from the Federation of Malaya and Singapore were 25,200 tons (oil equivalent) as against none at all a year earlier.

By 1960, the world's demand for all fats and oils was expected to rise about a quarter above the 1952-1955 average, whereas the production of copra was expected to be only 4 per cent higher. Between 1958 and 1959, western European imports of coconut oil and copra fell 26 per cent, but United States imports rose by 8 per cent. The price of coconut oil (Straits 3½ per cent c.i.f. Europe) had risen from an average of £92 per long ton in 1956 to £133 in 1959. At that price it was feared that there would be a substitution of other oils for coconut oil in manufacturing fat products, particularly as there was a shortage in supply. With some easing of supplies, prices came down in 1960. The average price of coconut oil in the United Kingdom and continental Europe during the first nine months of 1960 was 14 per cent lower (£114 per long ton) and in the United States 21 per cent lower than during the same period of 1959. Similarly, Philippine prices of copra in the first nine months of 1960 were 13 per cent lower than the corresponding prices of 1959. The maintenance of coconut oil price stability relative to the general level of fats and oil prices would seem to be the essential condition for a return to a satisfactory level of import demand, since the slow-growing food uses will remain its main outlet. Prospects for the first half of 1961 indicate that there will be large supplies both of coconut oil and of competing fats and oils in the world market; prices can hardly be expected to rise.

The ECAFE region is a net importer of sugar. Its exports in 1959 were 1.76 million tons — 930,000 tons from the Philippines, 730,000 tons from China: Taiwan, and small quantities from Indonesia and India. As these exports account for only 14 per cent of world exports, developments in the region have little influence on prices.

In 1960, exports from the region were higher than in the corresponding periods of 1959. The Philippines, in the first half of the year, increased its exports by almost 14 per cent. In spite of lower output in the 1959/60 season, China: Taiwan's exports in 1960 (January-September) increased by 4 per cent. Exports from Indonesia were 30,000 tons in 1960 (January-October), 35 per cent higher than during the same period of 1959. On the other hand, exports from India fell, in spite of bigger output, owing to larger domestic consumption.

The world sugar price (Cuba, f.a.s., No. 4 contract) had fallen during the first half of 1959; in July, it reached 2.66 cents per pound — its lowest postwar level. Subsequently, it rose in response to quota reductions by the International Sugar Council, large purchases by the Soviet Union, and poor crop prospects in continental Europe, but remained below the Sugar Agreement minimum (3.25 cents per pound) until mid-1960.

At the beginning of July 1960, the United States reduced the remainder of Cuba's import quota for the year by 630,000 tons (700,000 short tons). This made available to other suppliers an additional market of over a million tons (700,000 short tons of the original Cuban quota, plus additional quantities which, in other circumstances, would have been allotted to Cuba). On its side, the Cuban Government successively announced minimum export prices of 3 and then 3.25 cents per pound and signed new substantial sugar export agreements with the Soviet Union and mainland China. As a result of these developments, prices improved and remained around the Agreement's minimum for most of the third quarter of 1960. In view of the new situation, the Sugar Council increased export quotas first to 100 and then to 105 per cent of the basic tonnages, and granted Cuba a "tolerance" of 700,000 tons over its current quota. The action of the Council and, more significantly, the increasingly optimistic prospects for the 1960/61 sugar crop, caused prices to weaken and, in late September, some countries were already offering beet sugar at prices well below the Cuban minimum.

World sugar production in 1960/61 is expected to be 2 to 3 million tons above the 1959/60 record output, the improvement in importing countries being particularly noteworthy. Over a longer term, further

increases may be expected. Consumption is also likely to increase, but it is improbable that demand for sugar will rise sufficiently to result in increases over present prices. On the other hand, the recent developments may bring forth far-reaching changes in the pattern of international sugar trade. However, until more is known of the policies of the major countries involved, it is not possible to assess properly their implications for the sugar trade of the ECAFE region.

In spite of smaller *jute* crops, the *jute* manufacturing industry in 1959/60 (July-June) was more active than in the previous season in India and Pakistan and also in western Europe. Production of *gunnies* in India during 1959/60 was 3 per cent higher than in 1958/59. Owing to an increase of 5 per cent in mill consumption of *jute* during the same period, India increased considerably its imports of raw *jute* from Pakistan. Dispatch of *gunnies* for domestic consumption increased substantially (13 per cent) during 1959/60, but exports over the same period were down by 2.5 per cent. At the end of June 1960, stocks of *gunnies* were depleted.

Pakistan's total exports of raw *jute* (including mesta cuttings) from July 1959 to June 1960 increased by 7 per cent over the previous season. Exports to India alone were at almost three times the level of the previous year. The *jute* goods market in Pakistan was strong, and the mills turned out 26 per cent more in 1959/60 than in the previous season. The total export of *gunnies* during the same period was up by 43 per cent, and stocks were well run down.

There was a substantial improvement in *jute* prices during the first half of 1960, culminating in a post-Korean-war high of £144.3 per long ton (raw Pakistan mill first c.i.f. Dundee) in May 1960. The rise in price was due to the tight supply position of the current season and to apprehension regarding raw *jute* supplies in the 1960/61 season. Then, following less pessimistic forecasts, prices fell in the next two months to £122 in July. In August, however, stability was attained at a level some 15-20 per cent below the May highs. Crops were late in coming to the markets, demand in India and Pakistan was strong, and carry-overs from the preceding season were small. Prices rose in September, as crop prospects again appeared poorer. In India there was anxiety over the next year's raw *jute* supplies.

World (excluding the centrally planned economies of Europe and Asia) *cotton* production in 1959/60 (August-July) increased by 6 per cent over 1958/59 to 31 million bales. However, the output of the region (excluding mainland China) decreased, mainly owing to adverse weather conditions in India. Although mainland China registered an increase of

almost 3.5 per cent over 1958/59, it increased its imports from Burma and received some — although reduced — imports from Pakistan.

In Japan, the yarn production curtailment instituted in 1958 was progressively relaxed in the 1959/60 season. Since all the sealed spindleage resumed production, *cotton* consumption during the 1959/60 season was estimated to be around 23 per cent higher. Imports of raw *cotton* increased by 30 per cent over 1958/59. In Pakistan, consumption went up by 3 per cent. Stocks at the beginning of the 1959/60 season were less by about 41 per cent than at the beginning of the previous season. In India, stocks on 1 August 1960 were down by 26 per cent from 1 August 1959. *Cotton* consumption in 1959/60 was estimated to be barely higher than in the previous season.

International trade in *cotton* for the season 1959/60 reached a new, all-time record. Contributory factors in the increase of trade were rising consumption demand, shortage of indigenous *cotton* in India, and the need for stocking up in net importing countries. World exports for 1959/60 were estimated to be almost 33 per cent more than in 1958/59. United States exports for the whole season were estimated to have increased by 158 per cent; there was a decline in exports from other countries, including Pakistan and India. The volume of exports of Pakistan in 1959/60 was 13 per cent lower, and of India (August-May) 36 per cent lower, than in the corresponding period of 1958/59. India otherwise was gradually changing from a net importer to a net exporter of *cotton*.

In 1959/60, *cotton* prices rose under the stimulus of expanding demand, although some levelling-off took place towards the end of the season. During the first half of 1960, international prices of all types, except United States growths, were higher than those of the same period of 1959.

Opening stock in 1960/61 amounted to 16.5 million bales as compared with 17.7 million bales a year earlier, taking into account a net export of 1.3 million bales to the countries of eastern Europe and mainland China. It is not certain if stocks will fall further in 1960/61. It will depend on consumption, and on net exports to the centrally planned economies. As to prospects for trade for the 1960/61 season, it appeared unlikely that the record volume of world trade achieved in 1959/60 could be maintained.

The prospects of raw *cotton* in India depend on the volume of indigenous production and on the demand for *cotton* textiles at home and for export. The prospects in Japan depend on the policies laid down by the Government regarding production cur-

tailment and raw cotton procurement. In the United States, consumption is expected to decline in 1960/61 by about 3 per cent from the previous season. Elsewhere, consumption is expected to continue at the high levels attained in the previous season. In order to maintain the 1959/60 rate of consumption in net importing countries, it is estimated that world imports will have to be at least 12 million bales, as against 15.2 million bales in 1959/60, on the assumption that there will be a reduction in India's production deficit and that its imports will be maintained at a more normal level.

The balance of the trade with eastern Europe and mainland China is also of great importance to the rest of the world. During 1959/60, exports to these countries accounted for approximately 10 per cent of the world's total trade. Any variation in net exports to these countries could alter the world's cotton outlook.

The volume of mineral exports of the region increased. Exports of *iron ore* showed a further increase in the first half of 1960 of 15 per cent over 1959—this increase coming mainly from the Federation of Malaya;¹⁵ but those from India and the Philippines declined. The major destination of the exports was Japan, whose total imports of iron ore, standing at an annual rate of over 14 million tons in the first six months of 1960, went up 36 per cent from 1959. Imports from the Philippines—formerly the largest supplier—held up over the decade of the 'fifties without much increase, whereas the Federation of Malaya and India¹⁵ have increased their share in Japan's imports to become major suppliers. Iron ore is in direct competition with scrap metal, which is mostly purchased from the United States. The trend seems to be that iron ore imports into Japan are increasing steadily while scrap exports from the United States fluctuate rather violently with the business cycle. Judging from the unit values of Japanese imports, the prices of iron ore do not seem to have appreciably changed during the first half of 1960 from 1959.

Production of crude petroleum in Iran rose in the first eight months of 1960 to a monthly average of 4 million tons as against 3.6 million tons in 1959. It also rose in Indonesia (up by 17 per cent) but fell in Brunei (down by 13 per cent) during the first half of the year as compared with 1959. Exports increased in volume but prices fell. The basic reason for the fall in crude petroleum prices in 1960 was the continuation of a trend, noted for some time, of the growth in supply outstripping the growth in demand. However, the immediate factors were competitive offers from the Soviet Union of both crude

and refined petroleum at cheaper prices. The oil companies in several of the consuming countries—where they had also started refining operations—were under pressure to reduce prices.¹⁶ Unofficial prices of Middle East crude petroleum had already come down before they were officially lowered in two instalments, in August and September 1960, by about 5 per cent in all. This action was delayed in order not to affect the royalties to the producing countries; the companies instead granted discounts to buyers. Only when it appeared that adverse factors would persist for some time to come were the prices of crude petroleum reduced at the source. Far Eastern oil prices also came down in September 1960. There were no parallel decreases in the prices of the Caribbean or United States indigenous crude petroleum. This indicates a further drifting apart of the prices of crude petroleum in the major producing areas of the world, both *vis-à-vis* one another and from the prices in the United States to which, in the past, they used all to be geared. The decline in crude petroleum prices does not seem to have affected the prices of petroleum products.

World (excluding the centrally planned economies) production of *tin*, in terms of concentrates,—at an annual rate of 132,300 tons in the first nine months of 1960—was 11 per cent higher than in 1959. Tin metal production at 146,500 tons was higher by 29 per cent. Exports from the major producing countries were regulated by the International Tin Council, which had gradually enlarged the quotas since the 1958 tin crisis until it abolished them with effect from the last quarter of 1960. The quotas, before their abolition, were increased from 20,000 (long) tons, in the last quarter of 1958 and first quarter of 1959, to 37,500 (long) tons in the second and third quarters of 1960. With increased demand, and the Bolivian export quota remaining unfilled, the situation seemed to call for a further enlargement of the quotas. However, the producing members of the Council failed to agree upon the allocation of the increase; a decision was, therefore, taken to leave allocation to market forces.

The net exports of tin-in-concentrates from the producing countries of the region excluding mainland China—principally the Federation of Malaya, Indonesia and Thailand—totalled 98,000 tons (annual rate) in the first nine months of 1960, an increase of 44 per cent over the level of the year 1959. All the major producers shared in the increase. Exports (annual rate) from the Federation of Malaya in-

¹⁵ And the territory of Goa.

¹⁶ In India, the three companies—which had established refineries to process petroleum products from crude petroleum—lowered their crude petroleum prices in August 1960 by about 12½ per cent below the Persian Gulf posted prices, thus saving the country the foreign exchange costs on imports of crude petroleum.

creased to 57,000 tons (up by 52 per cent over 1959), from Indonesia to 26,000 tons (up by 41 per cent) and from Thailand to 13,000 tons (up by 26 per cent).

Tin prices (tin metal, London, per long ton) in the first half of 1960 were hovering around £790, as they had done during the second half of 1959. This stability of prices over a year was the result of two offsetting factors. Prices were buoyed up by restriction on exports, but were held down by the fear that the United States would sell from its stocks if the prices were to rise above £800. The buffer stock was also in operation in 1959; it fell from 23,300 long tons at the end of 1958 to just over the statutory minimum of 10,000 long tons at the end of 1959. In the second half of 1960, the prices rose to over £800.

IMPORTS

IMPORTS OF THE REGION'S PRIMARY EXPORTING COUNTRIES

Imports into the primary exporting countries of the region, which had declined in the first half of 1959, rose in the second half, being for the whole year 1959 at almost the same level as for 1958. In the first half of 1960, they rose by 18 per cent over the first half of 1959 and by 6 per cent over the second half of that year. In the third quarter of

the year, the increase appeared to have further slowed down; excluding the three countries for which statistics are provisional (Brunei, Laos and the Philippines) the half-yearly rate of increase was only 0.4 per cent over the first half of the year, although it was 11 per cent over the corresponding quarter of 1959.

The rise in imports of the primary exporting countries, in the first half of 1960 over the first half or the whole of 1959, seems to have been fairly well distributed; the changes in share of ECAFE countries which rose, and of United States which declined, were on the whole rather small.

Among the importing primary countries, between the first halves of 1959 and 1960, there was a fall in the imports of only two countries — Brunei and India, although even in these two countries imports in the first half of 1960 were not lower than in the second half of 1959. It appears that the sharp restriction on imports which went into effect to make up for the fall in exports in 1958 had lost force by the second half of 1959; imports have been rising, although by the third quarter of 1960 the rate of rise had slowed down. Between the first halves of 1959 and 1960, however, increases exceeding 30 per cent were registered in Cambodia, China: Taiwan, the Federation of Malaya, Hong Kong, Indonesia, North Borneo and Pakistan. Pakistan had as much

Table 12. ECAFE Region: Imports, 1958-1960
(*c.i.f. values in million dollars*)

Country	1958	1959	1959		1960		Change in 1960 over corresponding period of 1959 (per cent)	
			January- June	July- September	January- June	July- September		
							January- June	July- September
Total*	11,021	11,602	5,529	2,920	6,711	3,377	+ 21	+ 16
Brunei	26	21	11	5	10	5	— 9	—
Burma	205	223	101	54	129	64	+ 28	+ 19
Cambodia	76	70	30	20	46	24	+ 53	+ 20
Ceylon	361	421	184	135	202	115	+ 10	— 15
China: Taiwan	226	231	108	68	145	78	+ 34	+ 15
Federation of Malaya ^b	541	568	258	148	338	180	+ 31	+ 22
Hong Kong	804	866	389	228	513	253	+ 32	+ 11
India	1,844	1,864	987	407	960	486	— 3	+ 19
Indonesia	514	459	200	112	262	142	+ 31	+ 27
Japan	3,033	3,600	1,736	902	2,242	1,133	+ 29	+ 26
Korea, southern	378	283	133	78	142	69	+ 7	— 12
Laos	27	13	6	3	8	2	+ 13	— 33
North Borneo	42	51	23	13	31	16	+ 35	+ 23
Pakistan	396	353	151	92	315	150	+ 109	+ 63
Philippines ^c	559	509	232	131	274	131	+ 18	—
Sarawak	142	149	72	38	72	36	+ 1	— 5
Singapore ^b	1,222	1,277	609	325	678	326	+ 11	—
Thailand	393	419	197	106	225	112	+ 14	+ 6
Viet-Nam, southern	232	225	102	55	119	55	+ 17	—
Total (excluding Japan)	7,988	8,002	3,793	2,018	4,469	2,244	+ 18	+ 11

Source: United Nations, *Monthly Bulletin of Statistics*, and national sources.

* Excluding Afghanistan, Iran and Nepal, for which comparable data are not available.

^b Including trade between Singapore and the Federation of Malaya.

^c f.o.b. values.

as a 109 per cent increase over the first half of 1959 and a 56 per cent increase over the second half of the year. This was due to the larger provision made for the import of capital goods and machinery, raw materials for local industry, and for selected items of consumer goods such as drugs and medicines which, in May 1960, were placed under an automatic licensing scheme. The export bonus scheme introduced in 1959 also stimulated imports.

The rise in imports in ECAFE primary exporting countries in 1960 was obtained in a general climate of relaxation of import restrictions, reviewed in chapter 3. The major exceptions, owing to the concern caused by their falling reserves, were India, where import policy became more restrictive, and Ceylon and Indonesia, where further measures were taken to restrain imports.

Capital goods and foodgrains are the most important among the import goods in the primary exporting countries of the region. Imports of capital goods and of materials chiefly required for capital goods had been drastically curtailed during the period of import decline (the second half 1957 and 1958); when imports rose, the corresponding rebound was also greater (7 per cent in 1959 over 1958 and, in the first half of 1960, 21 per cent over the first half and 10 per cent over the second half of 1959). The annual rate of such imports had declined to \$3.3 billion in the second half of 1957 and to \$2.8 billion in 1958; it rose to \$3.0 billion in 1959 and to \$3.4 billion in the first half of 1960, thus regaining the peak rate of the first half of 1957. Most of the primary exporting countries shared in this expansion; the notable exception was Indonesia, whose imports, which were around \$300 million in 1956 and 1957, have since fallen short of \$200 million a year.

FOREIGN TRADE IN CEREALS

The cereal situation in the importing countries of the ECAFE region (including Japan) called for more imports. Although production was higher in several countries, there was demand for building up food reserves. As a result, net imports of cereals in the importing countries of the region were expected to approximate 14.4 million tons for the whole year 1960 as against 12.8 million tons in 1959. Exporting countries, with one or two exceptions, also had more to export; cereal exports, principally rice, were expected to rise to 4.1 million tons in 1960 from 3.7 million tons in 1959.

The rice trade is primarily Asian both on the demand and supply sides. Asia accounts for over 90 per cent of world production and for over 60 per cent of the world's gross exports and gross imports. The rice trade, however, is secondary to

production both in the exporting and the importing countries. For instance, in Burma, almost three-quarters of the crop produced in 1957 was used for domestic consumption. India, in that year, was the world's largest importer of rice; but imports constituted only 2.5 per cent of domestic production. As a result, world trade in rice constitutes only a small fraction (4 per cent in 1959) of world production of rice.

Even this proportion is steadily falling; the growth in production is replacing trade. Production of the ECAFE region (outside mainland China) rose from 65 million tons of milled rice during 1934-1938 to 84.5 million tons in 1958/59; exports had fallen from 9 million tons to 3.4 million tons in calendar year 1959. The year 1960 saw a rise in both production and exports, the latter in rising faster reversed, at least temporarily, the long-term trend of trade going counter to production. In 1959/60 world rice production, excluding centrally planned economies, reached a new level of 99 million tons, or 4 per cent over the previous year. The region's production also rose from 84.5 million tons in 1958/59 to 87.3 million tons, that is by 3 per cent, in 1959/60. The region's exports in 1960 were estimated to rise by 12 per cent over 1959. Even so, the exports of United States rice to the countries of the region on concessional terms caused some of the traditionally exporting countries of the region to express concern.

There were larger export availabilities in and exports from these traditionally exporting countries of the region in 1960. In the first ten months of the year, Burma exported 1.7 million tons as against 1.5 million tons in the same period of 1959. In view of her future commitments for about 1.6 million tons with Ceylon, India and Indonesia, a temporary suspension of further sales was imposed until the volume of the new crop could be ascertained. Thailand exported 1.1 million tons in the first eleven months of the year, 14.5 per cent more than in the corresponding period of 1959, and had by that time signed government-to-government contracts for 480,000 tons with Ceylon, China: Taiwan, Indonesia, Japan and Pakistan as against similar contracts for only 100,000 tons in 1959. In December, export premiums on private exports were lowered to clear the oncoming harvest. Other countries also had larger exports. Not only was the 1959/60 crop in southern Viet-Nam larger but there was a substantial carryover from 1959. Southern Viet-Nam exported 306,000 tons and Cambodia 305,000 tons during the first nine months of 1960; both quantities were about 70 per cent more than in the corresponding period of 1959. Only China: Taiwan faced a difficult situation owing to a slightly smaller 1959 crop. Under its general trade agreement with Japan, it was scheduled to export about 150,000 tons of rice to

that country in 1960. On the other hand, it had to import rice from Thailand and the United States to meet domestic consumption requirements.

In the importing countries of the region, import demand remained strong throughout 1960, even though the crops in 1959/60 were larger than those in 1958/59. As a result, net rice imports of the importing countries of the region, for the whole of 1960, were expected to exceed the 2.7 million tons in 1959. Of the traditional importing countries of the region, Indonesia was again the world's largest rice importer, followed by India and Ceylon.

From January to July 1960, Indonesia's rice imports reached 740,000 tons, 23 per cent higher than those during the corresponding period of 1959. This amount included part of her contracts with Burma, mainland China and northern Viet-Nam and also with the United States under Public Law 480. By August 1960, about 1 million tons of rice were involved in the contracts concluded with Burma, Thailand and southern Viet-Nam. India, during the first nine months of 1960, imported a total of 629,000 tons, as compared with 192,000 tons in the corresponding period of the previous year. It increased its imports in order to build up its national reserve for the purpose of stabilizing prices and against short crops. This called for additional contracts with the United States and the United Arab Republic involving approximately 350,000 to 400,000 tons of the rice aside from the 355,000 tons in regular contract with Burma. Rice imports into Ceylon for

1960 were planned to amount to 465,000 tons as against 583,500 tons in 1959 under long-term contracts with Burma and mainland China, but additional quantities were purchased to make good the deficiency caused by flood damage to crops in March 1960. Total rice imports at 451,000 tons from January to October 1960 were, however, 14 per cent less than in the corresponding period of 1959.

Among other countries, Pakistan's rice imports were also larger in 1960 than in 1959, owing to an estimated deficit of 450,000 tons in East Pakistan. During the first nine months of 1960, imports of the country totalled some 250,000 tons as against 138,000 tons in the same period of 1959. The shortage was being met by imports from Burma under the three-year agreement (250,000 tons), from Thailand (50,000 tons) and from the United States and the United Arab Republic. In recent years, demand for imported rice in Japan fell, for domestic production increased while per capita consumption remained the same or tended to decline as larger purchases of other food (e.g. meat, eggs, fish and sugar) were resorted to. In 1960, Japanese imports were planned to be smaller than in the previous year, but contracts were made with countries like China: Taiwan and southern Korea for the purpose of balancing trade with them. As a result, rice imports in 1960 were expected to be more or less maintained at the same level as in 1959. In the Philippines, self-sufficiency in rice was already attained; and the country not only ceased to import rice, but exported some quantities under barter agreements during the early

Table 13. ECAFE Region: Net Trade in and Supply of Cereals, 1955-1960
(Million tons)

Item	Average 1955-1957		1958		1959		1960	
	Net exports	Net imports	Net exports	Net imports	Net exports	Net imports	Net exports ^a	Net imports ^a
Rice, milled basis	3.4	3.5	3.1	3.7	3.4	2.7	3.8	3.5
Wheat ^b	—	5.9	—	7.8	—	8.4	—	9.0
Other cereals ^c	0.2	1.5	0.3	0.2	0.3	1.7	0.3	1.9
Total	3.6	10.9	3.4	13.5	3.7	12.8	4.1	14.4
Idem excluding Japan	3.6	6.6	3.3	9.3	3.6	8.6	4.1	9.9
Net import balance		7.3		10.1		9.1		10.3
Idem excluding Japan		3.0		5.9		4.9		5.8
Production ^d		127.0		124.3		140.1		142.3
Idem excluding Japan		113.0		110.0		124.9		126.6
Total supply		134.3		134.4		149.2		152.6
Idem excluding Japan		116.0		115.9		129.8		132.4
Per capita supply (kg)		160.0		155.0		170.0		171.0
Idem excluding Japan (kg) . .		155.0		150.0		165.0		165.0

Source: FAO publications.

^a Preliminary estimates by ECAFE secretariat.

^b Wheat and grain equivalent of wheat flour.

^c Including rye, barley, oats, maize, millet and sorghum.

^d Production data refer to FAO crop years, for example, 1960 refers to 1959/1960, except for wheat, oats and barley, figures for which refer to the calendar years stated.

part of 1960. However, as of October 1960, the Government ordered a stoppage to this barter trade in view of apparently shorter national reserve.

Rice export prices during 1960 came under pressure of increased world supply; both trade and government-to-government contract prices were reduced. From June to September 1960, however, Thai export prices rose sharply following the suspension of Burma's exports; and restrictions were placed on Thai shipments. The Thai export price of white rice (5 per cent broken) reached £50 per ton in September, 3 per cent higher than a year earlier. Since then, Thai prices have fallen again (£47 per ton f.o.b. in October) but they still remained higher than in the early part of 1960.¹⁷

Wheat and wheat flour imports into the food deficit countries (Ceylon, India, Indonesia, Japan, Pakistan and the Philippines) remained large during the first half of 1960 and were expected to expand in the second half of the year. The increase in wheat production of the region in 1960 was small. Except for Japan which was expected to purchase on the market about 2.5 million tons for the whole year 1960, a large part of the imports into the region was under the United States Public Law 480. The United States is to supply wheat to India at an annual rate of 3 million tons over a period of four years

from May 1960. Aside from this, an additional 4 million tons will be shipped to build up national reserves in India. Similarly, Pakistan entered into a new agreement with the United States under Public Law 480 involving the import of nearly one million tons in 1960.

Other cereals, such as barley, oats and rye, were imported mainly by Japan in 1959. In the first seven months of 1960, no imports were recorded. However, some import of barley was expected in the latter part of 1960. Imports of maize, on the other hand, increased in Japan, India, the Federation of Malaya, Singapore and Hong Kong (which showed a reviving re-export trade). Japan, in 1960, showed a pronounced shift to sources of maize within the region — Thailand and Cambodia — although a greater portion of its imports still came from the Union of South Africa, Argentina and the United States. In 1960, total net imports of cereals into Japan may thus account for approximately 45 per cent of the region's net imports.

While Japan had larger food supplies per head, the increase in supplies in the primary exporting countries of the region in 1960 was barely enough to maintain the per capita level of 165 kilogrammes of cereals attained in 1959. The maintenance of this level was achieved by these countries only by increasing their net imports (by 0.9 million tons) to a level of 5.8 million tons, which is just a shade below the very high level of net imports reached in 1958. The per capita level of supplies in these countries in 1959 and 1960, however, was about 10 per cent higher than in 1958, when a decline was experienced following a sharp fall in production.

¹⁷ It may be noted that the international market in rice is divided into two categories: lower quality rice, which comprises one half of the world trade and is usually channeled under bilateral contracts between governments; and higher quality rice, which is handled by private traders. These categories are closely linked together since governments are usually able to control prices of rice traded in the private sector by such measures as floor prices and export taxes.

Chapter 3

AGGREGATE DEMAND AND ALLOCATION OF RESOURCES

THE TREND OF AGGREGATE DEMAND

Aggregate monetary demand in the ECAFE region appears to have been higher in 1960 than in 1959. To a large extent, it was stimulated by two good harvests in succession, a further increase in industrial production, a rise in exports and the continuation of the pressures of demand created by the excess of non-consumption¹ outlays (on government current and capital expenditure and on private investment) over the financial resources released from consumption (through government revenue and private saving). This excess of non-consumption outlays over financial resources was manifested in budget deficits and expansion of bank credits. Except in a few countries, the increase in monetary demand was only partly offset by the rise in domestic output and imports. The latter were not increased as much as they could have been, as several countries took the opportunity of a favourable export situation and larger foreign aid to build up their external assets. Prices, on the whole, tended to rise, although, in some countries, the rise was hindered by controls and concealed by the unrealistic character of cost-of-living indices.

Budget deficits and credit expansion were the predominant elements in raising or sustaining demand in India, Indonesia and Pakistan. The experience of India in 1959 and 1960 was the reverse of that in 1954 and 1955. Although both periods were characterized by an expansion in output, the pressure of budget deficits and credit expansion had increased sharply during 1959-1960. As a result, prices rose in 1959-1960, whereas they had fallen during 1954-1955. In Indonesia, although the monetary reform of August 1959 temporarily succeeded in containing the rise in the price level, prices continued to rise in the first half of 1960; the rise, however, seems to have been arrested somewhat in the second half of the year. Pakistan also had sharply increased budget deficits, which, combined with a relaxation of price controls, tended to raise domestic prices in spite of a significant rise in imports. The sharpness of the rise in the first half of 1960, as compared with the

first half of 1959, was partly a reaction from the precipitous decline in the latter period which followed upon the strong measures taken by the new Government to bring out hoarded stocks. Relaxation of price controls was also an important element in bringing out the suppressed inflation in Burma; the cost-of-living index rose sharply, although the increase in demand in 1960 was quite moderate, partly for seasonal reasons and partly owing to a reduced budget deficit and an import surplus as against a balanced trade in 1959. China: Taiwan was another country where, although demand seems to have been stabilized in the first half of 1960, supply shortages, caused in this case by adverse weather, led to a sharp rise in prices. Similarly in southern Korea, political unrest contributed to a rise in prices, although demand had slackened in the first half of 1960.

Demand slackened also in the Philippines, partly for seasonal reasons and partly as a result of credit restrictions which had been imposed in 1959 and which remained in force until May 1960; the price rise was mainly due to the upward pressure exerted by tariff, exchange and excise revisions affecting imported and domestically produced goods. The gradual withdrawal of tariff concessions on imports from the United States, which began in the early part of 1959, is raising their prices. In 1960, United States goods paid 50 per cent of the standard import duties; the ratio will rise to 75 per cent in 1961 and to 90 per cent in 1964. In Afghanistan, the latest available data² show a 7 per cent increase in money supply for 1958/59 fiscal year, largely to accommodate the increase in national output. The price level rose only 2 per cent. For 1959/60, a similar trend was observed, although detailed statistics are not available.

Japan, in 1959 and the early part of 1960, passed through another investment boom financed by an expansion in bank credit. The fall in money supply in the first half of 1960 was seasonal; the boom was associated with a mild rise in prices, which occurred in spite of the efforts by the Bank of Japan to restrain credit. Cambodia and Iran also showed symptoms of increased demand and rising prices.

¹ For definitions of the terms — 'non-consumption', 'budget deficit', 'government saving', etc. — used in this chapter, see the explanatory note on pages 63-64.

² Government of Afghanistan, Ministry of Planning, *Survey of Progress 1960* (Kabul; August 1960).

Table 14. ECAFE Countries: Indices of Money Supply
and Prices, 1958-1960
(1957 = 100)

Country	Money supply ^a				Price ^b			
	1958	1959		1960	1958	1959		1960
		1st half	2nd half			1st half	2nd half	
Burma	119	145	136	141	96	83	88	94
Cambodia ^c	109	137	133	146	106	107	114	116
Ceylon	103	105	113	113	102	102	102	101
China: Taiwan	133	137	152	151	101	104	115	123
Federation of Malaya	101	105	116	121	99	96	95	95
Hong Kong	103	113	119	129	98	107	106	103
India	103	111	111	119	103	103	109	111
Indonesia	155	171	185	225	146	171	181	212
Iran	131	135	144	152 ^d	99	100	101	103
Japan	113	107	131	124	93	93	95	96
Korea, southern	133	142	145	142	97	99	103	108
Pakistan	105	106	110	112	104	97	104	108
Philippines	109	112	115	113	104	104	106	108
Thailand	103	101	111	112	106	103	98	97
Viet-Nam, southern	107	117	128	140	98	100	100	97

Source: Compiled by the ECAFE secretariat from national sources.

^a End of the period.

^b Wholesale prices for India, Japan and the Philippines; cost-of-living indices for other countries.

^c Only currency in circulation.

^d End of May.

On the other hand, in five countries of the region, although demand was sustained, prices fell. In Ceylon, the revised estimates of government expenditure for 1959/60 are not available; the budgeted deficit for the year was as large as the actual one in 1958/59 and about two-thirds higher than it had been in 1957/58; there was also a smaller import surplus. The main reason for the fall in the cost-of-living index, however, was a reduction in the prices of subsidized rice. Ceylon, in general, has followed a policy of letting the burden of budget deficits fall upon foreign assets and upon the non-subsidized items in the consumer budget. The other four territories which experienced a fall in prices were the Federation of Malaya, Hong Kong, Thailand and southern Viet-Nam. In these countries, the increase in demand, originating primarily from export prosperity, was absorbed by increased domestic supply and imports.

Mainland China is continuing its policy of increasing the governmental claim on national resources. As compared with an actual share of 37 per cent of net national product³ in 1958 and 38 per cent in 1959, the planned allocation for 1960 was 43 per cent, assuming a 16 per cent increase in the net national product. In the context of a likely

adverse harvest in 1960, if government allocation had not been adjusted, consumer allocation would have been drastically reduced.⁴

NATIONAL FINANCIAL POLICIES

FISCAL POLICIES

Fiscal policies in the countries of the region, in 1960, continued to play a role which is more fully described in Part II of the *Survey*. In the main, they were concerned with raising the national rate of saving and its transfer to governments; maintaining balance in external accounts and counteracting short-term fluctuations arising out of changes in domestic output or conditions in foreign markets; and advancing towards social objectives, such as a redistribution of income and wealth. As mentioned in Part II, not all these objectives could be pursued with equal emphasis or even consistently with each other.

For the fiscal years with their major portions falling in the calendar year 1960,⁵ actuals of revenue and expenditure are not available. Budget provisions

⁴ Prices, as such, are not very meaningful in the context of a centrally planned economy; queues and rationing are perhaps more eloquent expressions of inflation, if any.

⁵ For China: Taiwan, Laos, Nepal, Pakistan and the Philippines, which begin their fiscal years on 1 July, the observations refer to the fiscal year 1959/60.

³ See footnote b to table 17, page 56.

or revised estimates indicated deficits for all the countries of the region for which statistics are available. The deficits incurred or provided for were lower in Brunei, Burma, Indonesia, Japan, southern Korea, Thailand and southern Viet-Nam, about the same in Ceylon and higher in the Federation of Malaya, Hong Kong, India, Laos, Nepal, North Borneo, Pakistan, the Philippines, Sarawak, and Singapore. The small actual surplus in the 1958/59 fiscal year in Afghanistan was converted into a budget deficit for 1959/60 owing to sharp increases in developmental and total expenditure. Data on cash operations are available only for a few countries and for a few months in 1960. These indicated surpluses for Pakistan, a balance for Thailand and deficits for Ceylon, India, Japan and southern Korea.

Fiscal policy in mainland China exhibits a reliance on state-owned enterprises to finance the needs of the Government. The budgeted expenditure for 1960, at 70 billion yuan, was a third higher than in 1959. The state-owned enterprises were to finance 93 per cent of the estimated expenditure (as against 91 per cent in 1959), and rural communes 6 per cent (as against 7 per cent in 1959); the balance — 1 per cent only — was to be obtained from "other sources". This large contribution of the state-owned enterprises symbolizes the virtual completion of the country's transformation from a private enterprise economy to a socialist economy.

Taken as a whole, the 1960 fiscal picture in the countries of the region showed some improvement over that of the previous year. Except perhaps Laos, because of its peculiar dependence for defence on foreign aid, no country of the region appeared to face a critical situation in respect of government finance. Even Indonesia had a much better year than in 1959. Government revenues in almost all the countries of the region were buoyant, largely on account of increased domestic output and higher export earnings. There was also more of foreign aid.

Of course, there were as usual a few new taxes, some revision of older ones and announcements of new loans. The budget speeches of finance ministers contained familiar reiteration of the difficulties encountered in balancing the budgets and the usual new (fiscal) year resolutions to seek a reduction in budgetary imbalance by means of economy in government expenditure and improvement in revenue collection and administration.

Notable among the new tax measures were those taken in Ceylon and in Singapore; Singapore exhibited somewhat the same pattern as Ceylon, although it was subject to restraints imposed by its "free port" status.

Ceylon had already introduced, in its 1958/59 Budget, a whole gamut of wealth, expenditure and gifts taxes, in addition to modifications of its existing taxes on income and death duties. In the 1960/61 Budget, the income tax rates, of which the highest slab had been brought down to 60 per cent in 1958/59, were raised by a surcharge of 15 per cent. A few new taxes were also introduced. The land tax will be payable by individuals owning 100 acres or more of land. The professions tax will be payable by professionals — accountants, architects, consulting engineers, contractors for government work, doctors and lawyers — at rates varying according to their degree of specialized qualifications and to the length of their standing in private practice. In the legal profession, for instance, the rates are to vary from Rs 20 per year for a proctor to Rs 10,000 a year for a Queen's counsel (Q.C.). Non-corporate enterprises were tackled by an annual registration tax of Rs 250 per year for Ceylonese businessmen and Rs 1,000 per year for others. Companies were to pay an annual tax amounting to one half per cent of their registered share capital; only industrial and manufacturing units approved by the Government were exempt from this tax. Non-nationals holding residence visas (excluding those employed by the Government and local authorities or by enterprises with foreign investment approved by the Government, and their dependents) are to pay a levy of Rs 400 per person. There were also increases in motorcar registration fees and telephone rentals, and in import duties on motorcars, petrol, wrist watches,⁶ air-conditioning machinery, textiles, shoes and tobacco products. In other words, it was a catch-all system designed to get more revenue, most of it from the rich, from the non-nationals and from those assumed to be in a position to avoid or evade taxes. Foreign exchange saving, rather than revenue, was the major policy objective in raising the import duties.

Singapore followed a similar pattern. In addition to the increases in personal income tax rates and to the broadening of the bases of taxable income, several new taxes were introduced in the Budget for 1961. The City Council and Rural Board assessment will be replaced by a property tax. Business enterprises — corporate as well as non-corporate — are to pay a registration tax, and professional persons in practice — lawyers, doctors, dentists, accountants, quantity surveyors, architects and engineers — are to pay a registration fee of M\$ 250 plus a quarterly fee of M\$ 125. Unlike those introduced in Ceylon, the fees are uniform, except for those due from pharmacists, who will pay a lower registration fee of M\$100 and a quarterly fee of M\$15. The assessment rates on Singapore's rubber estates are to

⁶ Partly to prevent capital exports in the form of watches smuggled into India.

be increased to bring them into line with the rates prevailing in the Federation of Malaya. Other measures include a new stamp duty on import and export declarations, increased duty on private lotteries and a passenger tax on embarking air travellers.

In December 1960, Sarawak had a bill before the Council Negri which sought to bring into force during 1961 a scheme of schedular income taxes similar to that operating in Hong Kong. The current income tax, applying only to limited liability companies, was to be replaced by taxes on property, salaries, profits and interest.

PROPOSALS FOR FINANCING NEW PLANS

The year 1960 was more significant in connexion with national planning in ECAFE countries, as new plans were announced during the year for several countries — China: Taiwan, the Federation of Malaya, India, Pakistan, Singapore and Thailand. These countries have either announced the details of their full plans or indicated the magnitudes of investment for such plans. Cambodia started on its first five-year (1960-1964) plan in the year under review.

The most comprehensive among the plans announced is the draft outline of the third five-year (1961/62-1965/66) plan released by the Government of India in June 1960. The draft third plan envisages a national investment of 102 billion rupees during the five years beginning 1 April 1960; of that total, the government sector will finance 62 billion rupees and the private sector 40 billion rupees. It is estimated that about one-third of the estimated investment will involve payment in foreign currency.

The public sector outlay on schemes included in the plan⁷ is estimated at 72.5 billion rupees (62 billion rupees on investment and 10.5 billion rupees on current outlays). This sum would be 26.5 billion rupees, or about 60 per cent, larger than the public sector outlay in the second plan. As usual, the Indian Government will rely on four main sources of financing, namely, (a) additional taxation, including measures to increase the surpluses of public enterprises, (b) loans ("from the public") plus small savings, (c) foreign aid and (d) money-creating deficits⁸ as below (in billion rupees):

	Second five-year plan	Draft third five- year plan
	Revised estimates	Plan estimates
1. Additional revenue from existing and new taxes and other revenue measures	12.6	31.0
2. Loans and small savings	11.8	14.0
3. Foreign aid	9.8	22.0
4. Money creation ("deficit financing")	11.8	5.5
TOTAL	46.0	72.5

The largest anticipated increases in financial resources are in the fields of taxation and foreign assistance. On the other hand, the draft third plan makes smaller allowance for money-creating deficits, as it is recognized that the scope for monetary expansion remains limited for two reasons: first, the general price level is already rather high; and, secondly, there will not be sufficient foreign exchange resources to allow imports to cushion off the inflationary effects of monetary expansion, as they did under the second plan.

It may be supposed that, with the experience gained during the first two plans, the planning authorities in India are able to assess the domestic sources of financing with reasonably close accuracy. The main concern appears to be the enormous amount of foreign aid needed for the third plan, since its realization will have to depend on the aid policies of donor countries. In general, the present climate is favourable, but it could change.

In Pakistan, the second five-year (1960/61-1964/65) plan requires an estimated total investment outlay of 19 billion rupees, of which domestic resources are expected to contribute 11 billion and foreign aid and foreign private investment 8 billion rupees. The latter amount is intended partly to meet the foreign exchange costs of the plan (6.5 billion rupees) and partly to serve as balance of payments support of 1.5 billion rupees for increased imports outside the plan.

The second plan investment is 64 per cent larger than that of the first plan. Of the total of 19 billion rupees, Rs 11.5 billion will be financed by the Government; this amount will be 84 per cent larger than the government-financed programme of Rs 6.25 billion⁹ in the first plan. The government resources for the programme will be raised as follows (in billion rupees):

⁷ For an explanation of Indian planning terminology, see footnote 9, page 72.

⁸ According to the usage of terms in this report, the sum of (b), (c) and (d) would be deficit financing; in India and Pakistan, the term "deficit financing" is confined to (d) only. See the explanatory note of Part II of the *Survey*, page 63.

⁹ Estimate made by the Pakistan Planning Commission on the basis of the actuals for the first four years (1955/56-1958/59) of the first plan.

	First five-year plan		Second five-year plan
	Plan estimates	4-year actuals	Plan estimates
1. Additional revenue from existing and new taxes and from other revenue measures	1.0	-0.4	2.5*
2. Borrowing and other capital receipts	1.2	1.5	1.5
3. Foreign aid			
(a) Counterpart fund receipts }	3.8	1.6	2.5
(b) Project aid }		0.8	4.0
4. Money creation ("deficit financing")	1.5	1.0	1.0
TOTAL	7.5	4.5	11.5

* Including customs duty on commodity aid imports.

The financial provisions of the new plans in other countries are not available in as much detail as those made for India and Pakistan. China: Taiwan's third four-year (1961-1964) plan projected an investment of NT\$ 9 billion in agriculture and of NT\$20 billion in the development of mining, power and manufacturing industries. The four main sources of financing mentioned are private financing, government financing, United States aid and withdrawals from aid counterpart funds. In the Federation of Malaya, the expected outlay in the second five-year (1961-1965) plan, at M\$1.9 billion, will be more than twice the actual amount spent during the period of the first five-year plan. At the IBRD annual meeting in October 1960, the Finance Minister indicated that there had been a rise in domestic savings. The Government has also accumulated sizable foreign assets. Thus, the Federation's own resources appeared to be sufficient to finance the second plan. The new Indonesian eight-year (1961-1968) plan is to cost Rp 240 billion; it was stated that the sources of financing would be the proceeds from state enterprises and from foreign aid. Thailand's six-year (1961/62-1966/67) plan was announced in October 1960. The exact size of financial commitments were not specified, but the Government set the goals of a 5 per cent rise in national income, a 3 per cent rise in personal income and a 15 per cent rate of saving every year. Investment in the public sector was to range from 1 billion to 1.5 billion baht a year. The Government was expecting to finance this investment by an increase in revenue (about 0.5 billion baht between the first and the last years of the plan) and by foreign aid (about 3 billion baht in the first three years of the plan, including 1.5 billion baht in loans already approved).

MONETARY POLICIES

The traditional weapons of monetary policy such as the bank rate, open market operations and variable reserve requirements, can be effectively employed only in a few countries with developed banking facilities

and practices. In other countries where banking systems are relatively underdeveloped, selective controls of bank credit appeared to be the better alternative. Nevertheless, the year witnessed an increased tendency towards using monetary weapons to supplement measures taken in the fiscal and foreign exchange fields.

Monetary policies among the countries of the region play their most significant role in Japan. In the earlier part of 1960, they were geared to counteract the inflationary impact of the new boom which had started in 1959; in the later part of 1960, however, when signs indicating the subsidence of the boom appeared, the Bank of Japan eased its restraints.

The 1959 boom was stimulated by a decline in the official money rate (by 0.001 per cent *per diem*) in February 1959. Inventory investment picked up gradually towards the middle of 1959, while exports, supported by the worldwide economic recovery, improved rather rapidly. Investment in plant and equipment also began to expand towards the third quarter of 1959. Simultaneously, prices of certain commodities rose and this was followed by an appreciable increase in imports. It was then obvious that the country was on the threshold of a new cycle of capital expansion with a marked inflationary tendency.

In September 1959, the Bank of Japan took the first step to prevent the economy from becoming "overheated". It decided to enforce the reserve requirements. The reserve ratios were rather small, ranging from 1.5 per cent on demand deposits to 0.5 per cent on time deposits, for banks whose outstanding deposits exceeded 20 billion yen; for smaller banks, the ratios were half the above. In December 1959, the Bank of Japan further tightened bank credit by raising the official rate to its pre-reduction level (7.3 per cent) of February 1959.

However, towards the second quarter of 1960, when the rate of increase in industrial output began to slow down, measures were adopted to liberalize trade and exchange and, in August 1960, the bank rate was lowered (down to the level before the rise in December 1959), thereby signalling the end of Japan's tight money policy. Thus, on the whole, it appears that Japan's performance in the monetary field, during the current cycle of its "quantity boom" or "inflation-less prosperity", exhibited a more timely and sensitive approach than during the 1957-1958 cycle.

Another country where monetary policy was given a somewhat prominent role during the year was India. While prices remained under pressure from the continuing budget deficits and tight restrictions on imports, its developing institutional facilities

in the monetary field are beginning to allow monetary policy to be assigned an increasing role in controlling the inflationary pressures in the economy. In 1960, the general line of policy was to exercise overall credit restraint conjoined with action to restrain the flow of credit into specific sectors, particularly agriculture, so as to prevent speculative hoarding of foodgrains. In January, the Reserve Bank of India set credit ceilings in respect of advances made against paddy and rice by scheduled banks at the average level of credit in 1958 or 1959, whichever was higher. Branches of scheduled banks in new localities hitherto without banking facilities were limited to a maximum credit of Rs 100,000 against all foodgrains. The selective control of credit was reinforced by open market operations and variable cash reserves. The Reserve Bank for the first time exercised its statutory power to regulate reserve requirements, compelling the scheduled banks to maintain additional balances equal to 25 per cent of the increase in total liabilities since 11 March 1960. A further notification was issued on 5 May, raising the requirement to 50 per cent. The scope of selective control of credit was extended to cover advances to stock brokers. A directive was issued by the Reserve Bank in March 1960, imposing a minimum margin requirement of 50 per cent in respect of advances by scheduled banks against equity shares.

While monetary institutions are relatively less developed in other countries of the region, several of them made an attempt to employ the standard instruments of monetary policy mostly to curb inflationary developments. In China: Taiwan, reserve requirements against demand deposits were raised together with the floatation of government bonds. The Bank of Taiwan also exercised greater care in its own loan policy. Counterpart operations were put on a sounder basis. In other words, monetary policies were co-ordinated with fiscal policies in government action designed to counteract the continuous rise in the price level. In southern Korea, the Government's effort to hold down prices mainly took the form of fixing a ceiling to money supply for each quarter of the year, which was done under the "financial stabilization programme". For 1960, according to the "programme", money supply was not to be permitted to exceed the maximum of 228 billion hwan at the end of March 1960 or 230 billion hwan at the end of the year. It was also planned to keep United States aid counterpart fund expenditures within the total amount of counterpart collections.

In the Philippines, on the other hand, restrictive credit measures imposed in the fiscal year 1959 (July 1958/June 1959) were eased slightly in 1960, following the adoption of the exchange decontrol programme. In May 1960, certain items of bank assets were excluded from the computation of the

risk assets and the cash margin requirements on import letters of credit were lowered. The rediscount quotas for commercial banks were also increased from 50 per cent to 100 per cent of their net worth.

Rediscount rates were raised in Ceylon but lowered in the Philippines. Ever since the end of the Second World War, Ceylon had continued with an unrealistic policy of cheap money. In August 1960, the Central Bank of Ceylon raised its interest rate from 2½ to 4 per cent on loans secured by the pledge of government securities, excepting when money was lent to finance imports of essential goods. The rise in the Central Bank rate was followed by the raising of lending rates by commercial banks. The Central Bank of the Philippines, on the other hand, lowered its rediscount rate from 6.5 to 6 per cent as part of the liberalization programme of May 1960.

Another main avenue of credit policy, moral suasion and selective credit measures, was resorted to by Ceylon and Pakistan. The Central Bank of Ceylon issued instructions to restrict loans to companies financing hire-purchase transactions. The State Bank of Pakistan also sent directives to scheduled banks to limit their advances against company shares and for imported manufactured goods. They were also enjoined to restrict unsecured loans to any one party to a maximum of Rs 50,000.

A new development in inter-government monetary administration was the signing of the new currency agreement in March 1960 between five territories of the Malayan Currency Area. Under their present monetary set-up, established in 1950, these five territories—namely, the Federation of Malaya, the states of Brunei and Singapore, and the colonies of North Borneo and Sarawak—have a unified currency, the Malaya dollar, issued under the terms regulated by the United Kingdom Colonial Office. The Malayan dollars are to be backed by 100 per cent reserves in sterling, and the management of currency issue is vested in a common Currency Board for the five territories. Up to the end of 1959, the accumulated reserves of the Currency Board amounted to M\$1,242 million, about 10 per cent in excess of the legal reserve requirement. The majority of the participating territories had long felt the need for independent currency systems in order to use the foreign assets for economic development within these countries, rather than leave them invested abroad as currency backing.

The new currency agreement between these territories marked a significant step forward toward this end. The important decisions reached in the 1960 agreement were:

1. The powers which in the 1950 agreement were granted to the United Kingdom Secretary of State for Colonies will now be vested in the Board itself and, for major matters, policy decisions will be subject to the unanimous agreement of the five governments.
2. The Board will also have the power to invest up to M\$300 million of the assets of the currency fund in publicly issued security of any of the participating governments, or in issues guaranteed by the governments. A maximum rate of M\$100 million for each of the first three years will be permitted when the agreement comes into force.
3. Any participating government may withdraw from the agreement after 18 months' notice. In the event of such a withdrawal, the Board will have to be liquidated in due course.¹⁰

FOREIGN EXCHANGE POLICIES

Most of the ECAFE countries are primary exporters and depend upon the imports of capital goods for the development of their production capacity. Balance of payments crises and exchange restrictions in the postwar period have had serious repercussions on their respective economies; in some countries, domestic prices have remained particularly sensitive to exchange fluctuations. Achieving balance in their external transactions has, therefore, been a prime object of financial policies. During 1960, some significant steps were taken to move further towards achieving this end.

The principal events affecting the exchange values of national currencies were the appreciation of the Afghani in the free market in Afghanistan by about 30 per cent *vis-à-vis* the dollar and the Indian rupee, and the further adjustments made to the NT dollar in China: Taiwan, the Indonesian rupiah, the hwan in southern Korea, the Nepalese rupee and the Philippine peso. The Indonesian measures are reviewed in the next sub-section. In China: Taiwan, the exchange certificates system underwent further revisions in 1960. The Bank of Taiwan was authorized on 26 May 1960 to purchase from tourists and recipients of inward remittances foreign exchange at the free market rate of NT\$ 40 to 1 dollar, while the official rate of NT\$ 36.38 to the dollar remained unchanged for the foreign exchange requirements of government organizations. On 1 July 1960, the

exchange system was again revised and simplified, with a unified rate of NT\$ 40 to the dollar for all transactions. Beginning 23 February 1960, the official rate of exchange in southern Korea was changed from 500 to 650 hwan per dollar; a further devaluation took place with effect from 1 January 1961. The Nepalese rupee, after fluctuating freely, was officially pegged at 160 Nepalese rupees to 100 Indian rupees in May 1960. All official transactions are now to take place in Nepalese currency, although a few districts have been exempted owing to a lack of banking facilities.

In the Philippines, the policy adopted in 1960 was a continuation of the four-year programme of gradual exchange decontrol adopted in July 1959. Beginning with the establishment of a "margin fee" on sales of foreign exchange, the programme, in addition to decontrol, was designed to fix the external value of the peso at a more realistic rate. Two major steps were taken in 1960 in this direction. On 25 April 1960, the Government introduced a "free" market for about one-quarter of all exchange transactions. The "free" market has been placed under the supervision of the Central Bank, which fixes the free market rate. During the first year of operation of the free market, all exchange proceeds from gold exports and from tourism were to flow into the free market. Seventy-five per cent of the exchange proceeds from all other sources were to continue being surrendered to the Government at the official buying rate of 2 pesos to a dollar and 25 per cent were to flow into the free market at the official free market rate of 3.20 pesos, thus giving a "composite rate" of 2.30 pesos to a dollar. Foreign exchange was to be sold by the Government at the rate of 4 pesos to 1 dollar (the free market rate of 3.20 pesos plus a 25 per cent margin fee) to make it easier for the holders of regular dollar quotas to purchase the extra foreign exchange needed. Net profits of foreign companies could be transferred abroad at this free market rate.

In the second half of 1960, an attempt was made to reduce the gap between the effective buying and selling rates. On 12 September, the free market rate was reduced to 3.0 pesos to a dollar and on 28 November the margin fee was reduced from 25 to 20 per cent. Under the new arrangement, the new market rate for the sale of foreign exchange becomes 3.6 pesos (free market rate of 3 pesos plus 20 per cent) for each dollar instead of 4 pesos. The "preferred" rate, adjusted at 2.4 pesos per dollar (official rate of 2 pesos plus 20 per cent) will remain valid for essentials, such as newsprint, canned milk and certain foodstuffs. Remittances to Filipino students in the United States taking technological or scientific courses and for the purchase of scientific equipment remain under the preferred rates. A

¹⁰ The clause seems to have been inserted to accommodate the Federation of Malaya. Since the establishment, in early 1959, of the Central Bank of Malaya, it has been the aim of the Government of the Federation of Malaya to issue its own currency at the earliest possible date. Although the Federation Government has not given notice of its withdrawal from the Currency Board, it is expected that the aim will be realized within the next few years.

special foreign exchange reserve of \$5 million per year has been created to finance new Filipino industries at the preferred rate. Foreign investment remittances inward and remittances of Filipinos from abroad will, however, be converted at full free market rate. Foreign exchange will be bought by the Government at the rate of 3 pesos to a dollar for half the proceeds and 2 pesos for the remainder, thereby providing an effective rate of 2.50 pesos instead of 2.30 pesos. In trying to avoid a straight-forward devaluation of the peso, the Philippines thus moved from a unitary to a multiple exchange rate system.

The primary exporting countries of the region, in order to increase their foreign exchange receipts, continued to make further efforts at export promotion. The main features of export promotion continued to be the provision of insurance and credit facilities, special bonuses, tax remissions, permitting foreign exchange retention, and so on. China: Taiwan sought to encourage exports through an extension of the list of export industries entitled to low-interest loans, as well as the establishment of an export insurance scheme and a more liberal treatment of goods which could be taken out of the country by tourists. India, in intensifying its existing trade promotion efforts, extended to new products the grant of licences for the import of raw materials and accessories and, in some cases, of machinery and equipment, against exports of finished products. A number of fiscal reliefs were introduced in the form of refund of taxes paid earlier on the materials and components used in the manufacture of export products. In order to make prices more competitive, transport costs were in some cases reduced by allowing rebates on freight. Existing restrictions on a number of additional export commodities were relaxed. Export promotion measures in Indonesia included the replacement of the 20 per cent exchange tax by the 10 per cent export tax mentioned in the next sub-section. In Pakistan, the Export Bonus Scheme introduced in 1959 was continued in 1960. Under this scheme, on exports other than those of traditional raw materials, exporters get a bonus in terms of foreign exchange either for imports or for foreign travel undertaken for business purposes.

With the improvement in the terms of trade, and with the increase in foreign reserves during 1959 and the first half of 1960, several countries in the region could afford to liberalize their foreign trade and exchange restrictions towards the later part of 1959 and early 1960. However, in Ceylon, India and Indonesia (reviewed in the next sub-section), exchange restrictions had to be tightened.

In Burma and the Federation of Malaya, discrimination against dollar imports had virtually been removed in 1959. In the Federation, with effect from

1 July 1960, import restrictions on motor vehicles, radio sets and watches from the dollar area and OEEC countries were abolished. Burma also put 16 "essential" items on the free import list. In China: Taiwan, imports were liberalized with the abolition of the "quarterly import commodities budget".

Japan had the highest rate of accumulation of foreign reserves in the ECAFE region during 1960. From the beginning of the year, several steps were taken aiming at a more liberal convertibility of the Japanese yen and at a reduction of restrictions on imports. Discrimination against dollar imports was reduced. In June 1960, the Government announced a programme designed to free 80-90 per cent of Japan's imports within three years, and the current account foreign exchange transactions within two years. The present rate of free imports is around 40-45 per cent. Import commodities were divided into four groups according to priorities for liberalization. The use of the Japanese yen for the settlement of international transactions was permitted as from 1 July 1960, and non-residents were authorized to establish freely convertible and freely transferable yen accounts in Japan. Capital exports are being encouraged, especially in the form of export credits and investments in the newly developing countries.

In Pakistan also, measures were taken to relax the control on imports. Imports of industrial raw materials and other essential commodities for the second half of 1960 were put on the "open general licence" basis. In the Philippines, cash margin deposit requirements for imports were relaxed in May 1960. The deposit against 'essential consumer' imports was reduced from the full value to a half and the deposit against 'essential producer' imports or imports of 'raw materials of industrial establishments' was reduced from a half to a quarter.

In Ceylon, on the other hand, tighter foreign exchange policies were adopted by the new Government in August 1960, so as to stop the continuing drain on foreign reserves. Ceylonese nationals were no longer to be given an allowance of £300 per head for foreign travel as from September 1960. Remittances were further restricted; higher duties were imposed on several imported items;¹¹ the minimum margin requirements for letters of credit for certain imports were raised; and discriminatory rates of interest were prescribed to restrain bank credit for financing certain imports.

In India, the foreign reserves position in the second half of 1960 was the most critical since Independence. The level of reserves reached a point below the "constitutional minimum" of Rs 1.6 billion, compared with Rs 8.0 billion held in 1947 and Rs 7.46

¹¹ See page 42.

billion held at the end of 1956. The trade deficit for the earlier months of the 1960/61 fiscal year was also appreciable. In the half yearly review of exchange quotas for imports, further drastic cuts were imposed for the period beginning from October 1960.

Foreign aid to the ECAFE countries showed a further increase. Commitments by the United States of aid to the Colombo Plan countries of the region, increased from \$0.90 billion in 1957/58 and \$1.26 billion in 1958/59 to \$1.54 billion in 1959/60. Actual disbursements of United States aid to some of the ECAFE countries which are not members of the Colombo Plan—Afghanistan, China: Taiwan, Iran and southern Korea—amounted to \$0.34 billion in the nine months, July 1959-March 1960, as compared with \$0.51 billion in the whole of the fiscal year (July-June) 1958/59. Loans and grants from the British Commonwealth countries—Australia, Canada, New Zealand and the United Kingdom—to the Colombo Plan countries totalled \$0.12 billion, the same level as in 1958/59. On the other hand, disbursements, net of repayments, of loans granted by the International Bank for Reconstruction and Development amounted to a negative figure for the countries of the region (excluding Japan) in the first nine months of 1960 as against a net receipt of \$85 million in 1959. Japan's reparations payments to the countries of the region were also reduced.¹²

Information on economic assistance from other countries is fragmentary and cannot be pieced together to indicate trends for the current year. India received aid from the Federal Republic of Germany for a steel plant and France provided Cambodia with aid for constructing the new port, Sihanoukville. Afghanistan, India and Indonesia seemed to be the main recipients of aid from the Soviet Union and from other countries of eastern Europe in 1960. Aid from mainland China principally went to Cambodia, Ceylon, northern Korea, Nepal and northern Viet-Nam.

The important measures of bilateral aid announced during the year 1959/60 or 1960 were: the Indo-United States agreement for the purchase of food under United States Public Law 480, involving a purchase of 17 million tons of foodgrains over a four-year (1960-1963) period; the 2 billion rouble credit to India from the Soviet Union, part of which will finance the country's third five-year plan; the Soviet Union's loan of \$250 million to Indonesia and its grant of \$80 million to Afghanistan to build a 470-mile road from the Soviet railhead on the Afghan-Soviet border to the southern part of Afghanistan; and mainland China's offer to Nepal of 100 million Indian rupees to be utilized over the

next three years. The Indo-United States agreement on foodgrains is perhaps of the most critical importance to India. The substantial food reserves which will be built up will, to a considerable extent, free the country from the concern experienced periodically during the last ten years over price instability arising from fluctuations in the domestic production of foodgrains and over the high foreign exchange costs of foodgrain imports.

The outstanding event of 1960 in relation to multilateral international aid was the signing of the Indus Water Treaty in September 1960 by India and Pakistan, which was brought about through the prolonged mediation of the International Bank for Reconstruction and Development (IBRD). It opened the way to the development of the water resources of the Indus Basin, on which depends the livelihood of some 50 million people in the two countries.

The Treaty allocates to India the waters of the three Eastern rivers—Ravi, Beas and Sutlej; except that during the transition period of 10 years or slightly longer which must elapse before the completion of the works undertaken in Pakistan for replacement of the Eastern river waters, India will continue to deliver to Pakistan water from those rivers in accordance with a schedule set up in the Treaty. It also allocates the waters of the three Western rivers—Indus, Jhelum and Chenab—to Pakistan, subject to the provision that some of these waters may be used by India in areas upstream for the development of irrigation and electric power and for some other purposes.

The division of waters between the two countries necessitates the construction of works to transfer water from the three Western rivers to meet those irrigation needs of Pakistan which have hitherto been met from the waters of the three Eastern rivers. It had become apparent in the early stages of negotiations, that the costs of financing these systems of works in India and Pakistan would be far beyond the capacity of the two countries. IBRD, therefore, undertook the formulation of a plan for financing participation by a number of governments interested in promoting economic development of the sub-continent. The total cost of the programme was estimated at approximately \$1.07 billion.

Simultaneously, with the signing of the Indus Water Treaty in September 1960, an international financial agreement was also executed in Karachi by the representatives of IBRD and all the governments¹³ participating in the financing of this project. This agreement created an Indus Basin Development Fund to be administered by IBRD. The Fund will be

¹² See page 25.

¹³ Australia, Canada, Federal Republic of Germany, India, New Zealand, Pakistan, United Kingdom and the United States.

financed by the participating governments with a contribution of about \$640 million, excluding the contribution of approximately \$174 million by India and \$80 million by Pakistan out of the proceeds of the IBRD loan. The cost of the works in Pakistan will be financed out of the Indus Basin Development Fund; the actual implementation of the project rests with the Water and Power Development Authority of West Pakistan. The foreign exchange costs of the works in India will, however, be met by a loan of \$33 million from the United States Government and another of \$23 million from IBRD; the rupee expenditure will be borne by the Government of India.

INDONESIA'S CONTINUING COMBAT WITH INFLATION

The significance and immediate effects of the financial measures taken in Indonesia in August 1959 were discussed in the 1959 *Survey*.¹⁴ However, during the early months of 1960, the volume of currency in circulation, which is the main indicator of money supply in that country, continued to rise sharply. This rise was accompanied by a 25 per cent increase in the cost-of-living index for the first half of the year. In spite of drastic penalties for breaches of price control and currency regulations, the rising trend of price level and currency circulation did not level off until the middle of the year when the money supply temporarily stopped increasing. This temporary stoppage was mainly the result of increased government revenue from export duties supported by the high price of export commodities, chiefly rubber, although the volume of rubber exports fell. The budget deficit was reduced, alleviating the pressure of the Government for further loans from the Central Bank, thus slowing down the expansion of currency issue. This brief respite provided the Government with an opportunity for making certain adjustments to its foreign exchange policy.

In August 1960, the Indonesian Government revised the high import and export taxes introduced in August 1959. The 20 per cent exchange tax on incoming exchange receipts, and exchange surcharges on six grades of imports (taxable at the duty rate of 25 per cent up to 200 per cent) have been abolished. Imports have instead been reclassified into two groups: "essentials" and "less essentials". The "essential imports" are divided into three sub-categories: payments for the first sub-category, rice for instance, are to be made at the official rate (45 rupiahs to a dollar); the other two sub-categories are to pay the official rate plus exchange surcharges of 25 and 60 per cent. For the "less essentials", a new special exchange rate has been established,

fixed by the Bank Indonesia initially at Rp 200 to a dollar. No foreign exchange is to be made available for certain commodities with adequate domestic production. A new 100 per cent transfer tax is levied on certain service and capital payments. Thus a dollar is valued at six rates of exchange: four rates for imports—45, 56.25, 72 and 200 rupiahs, excluding the import duties; one rate for certain invisibles—90 rupiahs; and one rate for exports—45 rupiahs—disregarding the export tax. A four-fold classification of import duties—duty free, 20 per cent, 30 per cent and 100 per cent—replaces the previous tariff rates. A uniform 10 per cent tax on all exports replaces the 20 per cent exchange tax.

However, towards the end of 1960, rubber prices dropped heavily, reducing government revenue and increasing the Government's overdraft from the Central Bank. The currency circulation, which was maintained at around Rp 30 billion for the first three quarters of the year, started a new upsurge surpassing the Rp 40 billion mark by the middle of November 1960.¹⁵

ALLOCATION OF RESOURCES

In the year 1960, there was on the whole a large volume of resources available for allocation between the two principal sectors—namely, the government sector and the private sector; and for two principal uses—namely, consumption (or current expenditure in the case of government) and investment.

The increase in resources was due to an increase in domestic output and to a larger import surplus. Apart from the territories for which no information is available, China: Taiwan was perhaps the only one where, 1959/60 agricultural production having fallen, there was a supply shortage. Southern Korea and Laos had short-term difficulties, supplies having been interrupted by unsettled conditions. Otherwise, the countries of the region had larger supplies; for most of them, 1960 was a second good year after the adverse situation which they had encountered in 1958. Moreover, in this respect, it was an even better year than 1959, when imports had to be cut in several countries of the region following a decline in export earnings in 1958.

¹⁵ Following the monetary reform of August 1959, the currency reserves of Indonesia rose from 5 to about 35-40 per cent of the currency in circulation. The reserves rose due to the revision of the conversion ratio from Rp 11.40 to Rp 45 to 1 dollar at the same time as the amount of currency in circulation was drastically reduced (see table 39 on page 110). Subsequent increase in currency circulation had, however, brought down the coverage to a much lower percentage.

¹⁴ *Economic Survey of Asia and the Far East 1959*, page 44.

Table 15. ECAFE Countries: Supply and Allocation of Aggregate Resources, 1960

Country	Supply					Allocation			
	Agricultural production ^a	Industrial production ^b	Export quantum	Import quantum	Aggregate resources	Government current outlays ^c	Government investment ^d	Private investment	Private consumption
Brunei	—	—	—	?	?	+	—	?	?
Burma	+	+	+	+	+	+	+	—	+
Cambodia	+	+	+	+	+	+	+	+	+
Ceylon	+	+	+	+	+	+	—	+	+
China: mainland	?	+	+	+	?	+	+	?	?
Taiwan	—	+	—	+	—	?	?	+	—
Federation of Malaya	+	+	+	+	+	+	+	+	+
Hong Kong	+	+	+	+	+	+	+	+	+
India	—	+	—	+	?	+	—	+	?
Indonesia	+	+	—	+	+	?	+	—	+
Iran	+	+	+	—	+	?	?	?	+
Japan	+	+	+	+	+	+	+	+	+
Korea, southern	+	+	+	+	+	+	+	—	+
Laos	+	+	+	+	+	+	+	—	+
Nepal	?	?	?	?	?	+	+	?	?
North Borneo	?	+	+	+	?	+	+	+	?
Pakistan	+	+	+	+	+	+	+	+	+
Philippines	+	+	+	+	+	+	+	—	+
Sarawak	—	+	—	?	?	+	+	+	—
Singapore	+	+	—	—	+	+	+	+	+
Thailand	+	+	+	+	+	+	—	+	+
Viet-Nam, southern	+	+	+	+	+	—	+	+	+
ECAFE region (excluding mainland China)	+	+	+	+	+	+	+	+	+

^a 1959/60.^b Including mining production.^c Or non-developmental outlays.^d Or developmental outlays.

With enlarged domestic resources and increased import availabilities, most countries in the region chose to increase their non-consumption—that is, aggregate (government and private) investment plus government current expenditure—holding down consumption relatively but not absolutely. In general, there appears to have been an increase in the rate of non-consumption accompanied by an improvement in the levels of living.

In the pursuit of their economic and social objectives, governments of the region continued to claim increasing resources both for their investment and for current expenditure. The countries in the Colombo Plan proposed to step up *government investment* or developmental outlays, in the aggregate, from an actual expenditure of \$3.6 billion in 1958 or 1958/59 and a revised estimate of \$3.7 billion in 1959 or 1959/60 to a draft estimate of \$4.3 billion in 1960 or 1960/61.

If the past trends are any guide, in several countries of the region, actuals tend to be lower than revised estimates, and the latter lower than draft or budget estimates. Thus, in 1958 (or 1958/59), the actuals of developmental expenditure of these countries (excluding Cambodia) were about 10 per

cent lower than the revised estimates for the year; the revised estimates for 1959 (or 1959/60) were also 10 per cent lower than the draft estimates for the year. In other words, the actual outlays were likely to fall short of the budgeted amounts by a sizable margin. In all likelihood, there was no increase in developmental expenditure in 1959 (or 1959/60) over 1958 (or 1958/59); the increase in 1960 (or 1960/61) can have amounted to about \$200 million only, unless implementation ratios have improved substantially in the meanwhile.

The figures indicate that the governments of some of the countries are perhaps taking a breathing spell in the final years of their current plans, while the announcements of the new plans contain a considerable raising of investments targets, they are not yet reflected in the figures in table 16. The development expenditure in India, which accounts for 60 per cent of the total, shows a decrease when revised estimates for 1959/60 are compared with those for 1958/59 and draft estimates for 1960/61 with those for 1959/60. Indonesia's draft estimates seem to be far above their actual implementation; the actuals for 1958 and revised estimates for 1959 suggest a truer order of magnitude than the draft estimates for 1960.

Table 16. ECAFE Countries: Government Expenditure
under Developmental Heads, 1958-1960
(Million dollars at constant rates of exchange)

Country	1958/59 or 1958		1959/60 or 1959		1960/61 or 1960
	Revised estimates	Actuals	Draft estimates	Revised estimates	Draft estimates
Burma ^a	85	92	92	113	103
Cambodia	38	...	46	...	25
Ceylon	137	100	113	108	109
Federation of Malaya	169	171	207	176	240
India	2,218	2,096	2,300	2,113	2,268
Indonesia	398	125	334	143	403
Laos	27	11	32	15	25
Nepal	4	5	21	16	43
North Borneo	8	8	7	4	7
Pakistan ^b	313	384	314	404	463
Philippines	368	346	378	346	404
Sarawak ^c	10	9	12	12	13
Singapore	40	52	37	47	51
Thailand	82	82	146	68	64
Viet-Nam, southern	82	83	103	105	112
Total (excluding Cambodia)	3,943	3,564	4,100	3,670	4,305

Source: The Colombo Plan: Eighth and Ninth Annual Reports of the Consultative Committee 1959 and 1960.

^a Figures for Burma include capital expenditure of public enterprises.

^b April 1958-March 1959, April 1959-June 1960, July 1960-June 1961.

^c Data furnished by the Government of Sarawak.

A similar trend could be observed also in the countries of the region which do not form part of the Colombo Plan area. Hong Kong, Japan and southern Korea indicated larger draft provisions for capital expenditure than the revised estimates for the previous fiscal years. Only in Brunei, partly reflecting lower receipts from oil, were the budgeted capital outlays for 1960 lower than the revised estimates for 1959. Fiscal data on Afghanistan, China: Taiwan and Iran were not available.

The volume of *private investment* is more difficult to ascertain. In general, the increased outlays of the public sector in a climate of higher domestic production and more liberal imports, tend to be accompanied by an increase in investment in the private sector. In addition, several governments are pursuing a policy of "unloading" public industrial undertakings on the private sector. The major stimulant to private investment in the countries of the region, however, is the continued sustenance of a high level of demand under a policy of planned economic development.

During 1959-1960, Japan appears to have passed through the major phases of another cycle of investment boom and its subsidence. It began the year 1959 with ample excess capacity after the recession of 1958. Stimulated by the reduction in interest rates in February 1959, inventory investment picked up gradually towards the middle of 1959, while

exports, which were supported by worldwide economic recovery, improved quite rapidly. Towards the third quarter of the year, investment in plant and equipment also began to expand. This expansion reached its plateau in the first quarter of 1960; a downward trend was, however, apparent towards the fourth quarter of the year.

India was also enjoying conditions of brisk demand. In the first half of 1960, as compared with 1959, domestic production of basic metal industries was up by 17 per cent (although metal products were down by 4 per cent), transport equipment up by 21 per cent, and cement up by 14 per cent. There was also a relatively small increase (3 per cent in terms of value) in imports of capital goods and of materials required chiefly for capital goods. Since government investment does not appear to have increased, a significant proportion of the increase in the supply of investment goods was available to sustain private investment.

The other countries of the region depend for their investment needs, other than for building materials, almost entirely on imports. The value of such imports in 15 countries of the region¹⁶—excluding India and Japan—totalled \$2.2 billion in the first

¹⁶ Burma, Cambodia, China: Taiwan, Federation of Malaya, Hong Kong, Indonesia, southern Korea, Laos, North Borneo, Pakistan, Philippines, Sarawak, Singapore, Thailand and southern Viet-Nam.

half of 1960 (annual rate) as compared with \$1.9 billion in 1959. The largest increases were observed in Pakistan (82 per cent), Cambodia (65 per cent), North Borneo (38 per cent), China: Taiwan (34 per cent) and Hong Kong (28 per cent). On the other hand, such imports declined in Burma (by 20 per cent), Indonesia (15 per cent), southern Korea (17 per cent) and Laos (50 per cent).

The output of building materials was also up. Timber production for the whole region was calculated to be 10 per cent higher in 1959/60 than in the previous year. Production of cement in ten countries of the region (excluding India and Japan) was up by 9 per cent. The indices of building activity in the first half of 1960, as compared with the first half of 1959, indicated a doubling of activity in Hong Kong, rather sharp increases (over 30 per cent) in Singapore, Thailand and southern Viet-Nam, and a moderate increase in China: Taiwan (13 per cent) and Japan (22 per cent). There was a decline in building activity indices in the Philippines (24 per cent) and southern Korea (5 per cent).

All in all, it appears that investment in most countries of the region was up—on government account only slightly and on private account substantially.

Current government expenditure for defence, administration and social services, also went up, conforming to the observations in Part II of the *Survey*. Most countries of the region for which statistics are available—that is, all of them except Afghanistan, China: Taiwan, Indonesia, and Iran—seem to have budgeted for a higher current expenditure (or non-developmental expenditure, according to the classification employed by some countries) for the fiscal years with their major part falling in 1960—1959/60 in the case of Laos, Nepal, Pakistan and the Philippines, which begin their fiscal years on 1 July. Southern Viet-Nam was the lone exception. The sharpest increases were budgeted in Nepal (46 per cent) and Laos (37 per cent). Brunei, Hong Kong, India, Japan, North Borneo, Pakistan and the Philippines had budgeted increases exceeding 10 per cent; increases budgeted elsewhere were of a smaller magnitude.

The trends in *private consumption*, as in private investment, have again to be ascertained indirectly. The boom in Japan was, of course, associated with an increase in consumer goods output; particularly significant was the increase in consumer durables. Even when more of the latter were exported, Japan's retained domestic production of consumer goods was higher. However, family budget surveys of consumer expenditure do not show much of an increase in real

terms. For the urban population, which constitutes a large proportion of the total, both consumer expenditure and urban consumer prices were up by approximately 5 per cent in July 1960 over a year ago. For the rural population, however, consumption levels went up; in May 1960, their consumer expenditure was up by 7 per cent, whereas rural consumer prices were up only by 1.5 per cent as compared with May 1959. Even if the farmers made some purchases in urban areas, their consumption levels were improved in real terms.

In most other countries, consumption levels can only be ascertained on the basis of indices of agricultural and manufacturing production and of the value of imports of consumer goods. For these countries, the supplies of staple foods and textiles provide the major indicators of consumption levels. Cereal supplies per head in 1960 were expected to be at about the same level as in 1959; but they were considerably higher than in 1958.¹⁷ Textile production went up; there was also an increase in the value of imports of consumer goods. As import prices did not increase substantially, consumption levels, on the whole, indicated an improvement over the previous year.

To sum up the regional situation, there was an increase in aggregate resources in 1960, owing partly to a slight increase over the high level of agricultural production in 1959, and partly to a substantial increase in manufacturing production and in imports which more than made up for the fall in domestic supplies represented by the rise in the region's exports. As in 1959, the increase in aggregate resources made it possible to sustain increases in government spending mostly on current account and in private expenditure on consumption and investment. However, government and private expenditures continued to be balanced by budget deficits and credit expansion, which led to an increase in money supply, despite a growing trend in many countries to finance government expenditure by revenue and private investments by savings. External assets of the region rose as the net result of higher exports, increased imports and larger foreign aid. Prices, on the whole, tended to rise. In Burma, China: Taiwan, Indonesia and Laos,¹⁸ they rose more than 5 per cent. The movements—up or down—in other countries were relatively mild. External imbalance for the most part was tackled with quantitative restrictions; there was, however, a trend towards import and exchange liberalization following upon an improvement in the balance of payments situation.

¹⁷ See table 13 on page 38.

¹⁸ Prices in Laos rose only in the second half of the year.

PART II. PUBLIC FINANCE IN THE POSTWAR PERIOD

Chapter 4

THE INCREASING ROLE OF THE PUBLIC SECTOR

It is common knowledge that governments of to-day have grown more intimately involved in the social and economic life of nations practically all over the world. This study of the postwar trends in public finance, therefore, begins with a review of the forces which have shaped the growth in the functions assigned to the public sector in the countries of the ECAFE region. In the process a distinction is made between planning and state control, and between the size of the public sector and the area of its influence.

HISTORICAL SETTING

The postwar period in Asia witnessed a complete transformation in the political status of a number of countries and territories. Twelve of these gained their freedom,¹ thus increasing the number of independent nations in the ECAFE region from six² before the war to eighteen by 1959.

The metropolitan countries in their stewardship had largely concerned themselves with the maintenance of law and order and the provision of basic welfare services. In the economic field, in accordance with the laissez-faire traditions of the late nineteenth century liberalism, the activities of the state had primarily been concentrated on the construction (and maintenance) of roads, railways, irrigation and other utilities. Direct participation in agricultural, industrial or commercial pursuits was rarely undertaken; the state restricted itself to the provision of basic facilities, including information, education and research.

Of course, laissez-faire did not altogether reign supreme. The national interests of the metropolitan powers demanded that the state encourage economic pursuits aimed at procuring raw materials for their industries, and markets for their industrial products. The development of commercial crops—tea, rubber, jute—and the extraction of minerals—petroleum, iron ore, tin, antimony, tungsten, manganese—bear testimony to their efforts in this direction. Even so, the

development of the export and import sector was to a large extent left to private enterprise; the state confined itself to the provision of transport and other facilities for the movement of the goods between hinterland and port.

The dynamic export production and foreign trade sectors were dominated by the nationals of the metropolitan countries and certain immigrant minorities. The mass of the indigenous population was engaged in subsistence agriculture and handicrafts. In agriculture, techniques remained antiquated, yields remained stagnant, and the producers remained on the verge of subsistence. Handicrafts were adversely affected by cheaper factory-made goods imported from abroad. The establishment of peace and tranquility and the provision of welfare facilities led to an upsurge in population. Although malnutrition generally, and famines and epidemics periodically, acted as a brake, the population kept on increasing, and, for lack of any other alternative, kept pressing on the meagre resources of the soil.

The independent nations also fared no better. Foreign impact had created a few industries and laid down a few railway lines in mainland China. However, the country remained subject to periodic civil wars and encroachments on its sovereignty by major western powers and Japan. Other independent countries remained more or less in the simple agrarian stage, except for isolated enterprises dominated by private foreign capital, of which an outstanding example was the exploitation of petroleum in Iran by the Anglo-Iranian Oil Company.

Japan alone constitutes an exception. From 1868 onwards, the twin objectives of building up a militarily strong and economically prosperous nation led the state to participate in practically all phases of economic activity and community life. Before the turn of the century, primary education was made compulsory, a network of railroads was built and a system of development banks was established. Financed in the early years by land taxes and in the later years by other direct taxes, the Government remained closely associated with industrial activity; it built pilot units for coal, steel and textile production. The ties between the Government and the large

¹ Burma, Cambodia, Ceylon, Federation of Malaya, India, Indonesia, Korea, Laos, Pakistan, Philippines, Singapore and Viet-Nam.

² Afghanistan, China, Iran, Japan, Nepal and Thailand.

business houses—the *zaibatsu*—which were established in the Meiji era (1868-1912) grew steadily stronger until, in the nineteen-twenties, major political parties were closely associated with big business firms.

In the period after the war, the governments of the under-developed countries of the region could not but assume a direct responsibility for pulling their economies out from a long-drawn stagnation. The vicious circle of low productivity, low incomes and low savings could not be broken by private enterprise alone; the population-resource ratio turned adverse in many countries. The predominant dependence of the working force on agriculture and the low rate of national saving required to be altered. More productive capital per head had to be provided if low productivity were to be raised. However, efforts in this direction had serious economic and social ramifications. The task entailed raising the productivity in agriculture and providing of social overhead capital. The former objective called for institutional changes in land ownership and in the division of produce from land. As regards the second objective, the major characteristics of social overhead capital—long periods of gestation, the “lumpiness” of investment, and the indirect routes of pay-off—made them unsuitable for initiative by private enterprise. Both the economic characteristics of investment, and the societal changes called for, made it inevitable that the role for the public sector would be predominant.³

PLANNING AND THE EXTENSION OF STATE CONTROL

With the objective of economic and social development firmly in mind, the countries of the ECAFE region, in the postwar period, have stressed the need to make the most efficient use of national resources. The actual extent of planning has varied from country to country. Mainland China and other centrally planned economies of the region have attempted to implement plans affecting their entire economies. In other countries the plans deal only or mainly with the major programmes to be implemented in the public sector and, in several of them, lay down production and investment targets for the private sector. The plan in Japan, on the other hand, started out as a set of economic projections over the plan period.

The concept of planning in the countries of the region has developed from separate sources. Mainland China (and northern Korea and northern

Viet-Nam) have drawn on the Marxist philosophy according to which the state is to be the only entrepreneur during the stage of transformation of the capitalist society into the socialist one. It is in pursuance of this politico-economic philosophy that the state assumes control over the entire economic apparatus. Planning is a corollary, in the sense that, if the state is to be responsible for the physical allocation of the entire productive resources, there has to be a central plan of such allocation. In that sense, planning in the centrally planned economies in Asia, as in eastern Europe, has become a consequence of the “all-inclusive” role designed for the public sector.

The fountainheads of planning in other ECAFE countries spring from the post-Depression evolution of economic thinking and the practical experience in managing the wartime economies. Keynesian economics, as it has developed, assigns a central role to the public sector in the industrialized countries in levelling out the zigzags of private investment in order to avoid the trade cycles and in filling the gaps left by the secular deficiency in demand in order to avoid a high level of chronic unemployment. Private or personal consumption is assumed to be a stable function of incomes; the unstable element is private investment; the state has to adjust its outlays both on consumption and on investment if it wishes to achieve both a stable and high rate of employment.

The postwar policies of the industrially developed economies in North America and western Europe, and of Japan in Asia, have on the whole followed the stabilization directives for the public sector. Contrary to the prewar period, the postwar experience of these countries has, on the whole, been one of a relative excess of demand. The state has therefore not generally been called upon to make good a long-term deficiency in demand by a high rate of outlays designed to maintain full employment. The newly developing countries, on the other hand, picked upon this aspect to frame their economic policies; these came to be based on the critical relationship between investment and the growth of national income. And, if the private sector was not forthcoming in the drive to secure the rate of investment which was deemed desirable, the state had to step in.

The experiences of the war had posed the problem in a practical way, both for the industrial economies and the under-developed ones. Governments of the countries engaged in war were called upon to assume responsibility for the national allocation of resources in an attempt to squeeze out the optimum amount that could be diverted to the

³ See W.W. Rostow: *The Stages of Economic Growth* (Cambridge University Press, 1960).

war effort. Thinking developed in this direction and the experience gained had a tremendous impact on the postwar policies of the under-developed countries. If, on a relatively sudden call, the economies could manage to divert 15-20 per cent of their output to purposes of destruction, why, in times of peace, could they not divert a higher figure than the traditional 5-7 per cent of their output in order to secure economic development? Could not the governments, as in wartime, plan the national allocation of resources in order to wage the infinitely more satisfying war against hunger, disease and poverty in general? It was symptomatic of this type of thinking that even before the war had ended, the pre-Independence Government of India⁴ and the then Government of China⁵ had set up machinery to evolve plans of national development when peace was restored.

Peace and independence only strengthened the two legacies of the war—the centralized allocation of resources and state control. The two are not inseparable except in mainland China. The former involves national planning, which may or may not imply a large share for the public sector in the actual control over resources. As to the latter, the countries have been more or less pragmatic in their approach. Except, again, in the centrally planned economies, where state control of almost the entire productive apparatus has been adopted on ideological grounds, the countries of the region have left both agriculture (constituting the bulk of their productive economy) and handicrafts and small-scale industry in private hands. Even in large-scale industry, the state has stepped in less on grounds of doctrine than of necessity, since private enterprise was either unwilling or unable to start off. As a result, the extension of the public sector has varied from country to country, though practically all have subscribed to the need for planning. The real reasons for the extension in the size of the public sector have lain in the very character of the social and economic investments called for in the process of economic growth. This, however, is not to deny that socialist thinking has played a part in strengthening the role of the state. Because of its political and moral appeal to the poor masses, several governments have declared that their economic objectives are directed towards attaining a socialist society; no country, other than mainland China, however, has gone in wholeheartedly

for the elimination of private enterprise, for the sake of a socialist economy *per se*. If the state's tentacles have spread, this has been the necessary consequence of the desire to telescope a hundred years' progress into ten—or, in economic terms, quickly to increase—even double or treble—the traditional rate of national investment in a decade or less.

THE SIZE AND GROWTH OF THE PUBLIC SECTOR

There is no clear-cut measure of the absolute size of the public sector which would enable us to make inter-country comparisons or to show the trends over a time period. The present methods of national or social accounting permit four possibilities of measuring it. The first is to measure the claim of the public sector on the national wealth or resources such as manpower and the stock of real capital. A second would involve assessing the share of the public sector in the spending of the national income on goods and services for consumption and investment. A third measure would involve a computation of the contribution made by the public sector, in terms of wages of all public sector employees and profits of public corporations, to the national total of factor incomes. Finally, it may be possible to indicate the degree of income redistribution occasioned by the public sector, as measured by the magnitude of taxation and other transfer payments (net of receipts) from the private sector.

In any such measurement, however, there is the major difficulty of defining what constitutes the public sector. The countries of the region differ considerably in the scope of their budgets or in the manner in which they classify them. The coverage of the public sector in terms of administrative authorities—the central, the state and local governments—or in terms of the inclusion or exclusion of public enterprises falling within the scope of each of these authorities, varies from country to country. Even the "publicness" of public enterprises shades off all the way from the wholly state-owned and state-operated enterprises to the substantially privately owned and privately operated activities. These difficulties are compounded by the absence of uniformity either in the definitions or in the methods of computation of the national accounts and by the varying degree of reliability of the basic data from which these accounts are prepared. In view of these difficulties, there is need for caution in interpreting the public finance data presented in this study for inter-country comparisons.⁶

⁴ It is also interesting to note that this action of the Government followed the publication in 1944 of the Bombay Plan — or the Tata-Birla Plan as it is called. In other words, planning in India has been no less a product of capitalist than of socialist thinking, and that perhaps explains the almost universal acceptance of planning by practically all shades of political opinion in that country.

⁵ A plan entitled the *Draft Five Year Plan for Resource Development* was published (in Chinese) in Chungking in December 1945.

⁶ For public finance data and the concepts used in the present study, see the "Explanatory note on sources, time reference and coverage and definitions of terms", pp. 63-64.

The first of the four measures, namely, the public sector's claim on real national wealth, could not be obtained. We have no clear measure of the nation's capital resources—land, equipment, buildings, etc.—and cannot therefore ascertain the draft made on them by the public sector. The measurement of the growth of the working force employed in the public sector is also subject to statistical difficulties. Except, in the case of Japan, an annual breakdown of manpower and employment is not available. The occupational distribution of population is available from the population censuses for a few countries only on a decennial basis. The next censuses are scheduled to take place around 1961; their results would be out only by 1962 or later. Even so, there are difficulties of classification. A person employed in a public enterprise will be classified under the character or type of the industry rather than as in public service, or he may be classified according to his occupation—economist, accountant, etc.—rather than as a public civil servant. Only those directly engaged in public administration and defence *per se* will be accounted for. This will admittedly be an inadequate measure of the claim made by the public sector on national manpower resources.

Table 17 presents the available data relating to the second of the four measures described, namely the share of the public sector in the national allocation of the total supply of final (as distinguished from intermediate) goods and services, including those received in foreign aid. The data presented are more truly indicative of the countries between two time periods; they are less truly representative of inter-country differences owing to the incompleteness of statistics of public enterprises. For mainland China the statistics exclude "co-operative" and "joint state-private" sectors which were substantially under government control. If these were included, the share of public sector would amount to 97 per cent in 1957.⁷ For the other ten territories for which it was possible to make an assessment, the public sector's claim on goods and services, net of transfer payments to the private sector, amounted to between 10 and 30 per cent of the national total in 1957 or 1958. This provides a slightly wider range than that of the gross national product absorbed by the public sector in western Europe in 1957—between 15 and 25 per cent.

It is clear from table 17 that the share of the total product absorbed by public sector rose during the 'fifties in the countries of the ECAFE region. Only in the Philippines did it remain about the same as a result of two offsetting trends: while other expenditures tended to claim a larger slice of the national cake, the share of public investment was

reduced. Here it will suffice to point out only the main elements accounting for the growth in government expenditure elsewhere. A more detailed examination is left to the next chapter.

Table 17. ECAFE Countries: Share of Public Sector in Gross National Expenditure
(Per cent of gross national expenditure)

Country and year	Total government expenditure	Current and capital transfer payments to private sector	Net claim of the public sector
Burma			
1951	14.4	2.1	13.4 ^a
1958	27.9	1.6	26.7 ^a
Ceylon			
1950	19.4	3.3	16.1
1958	25.6	6.1	19.5
China: mainland ^b			
1950	16.0	...	16.2 ^c
1958	32.7	...	32.7 ^c
Taiwan			
1951	25.4	0.4 ^d	25.0
1958	33.1	2.5	30.6
India ^e			
1950	9.3	1.0	8.3
1958	16.5	2.5	14.0
Indonesia			
1951	16.2	...	16.2 ^c
1958	19.7	...	19.7 ^c
Japan			
1950	23.8	7.9	15.8
1958	26.3	6.9	19.3
Korea, southern			
1953	13.2	2.8	10.4
1958	24.3	6.1	18.2
Pakistan ^f			
1950	9.7	0.4	9.3
1958	15.3	1.5	13.8
Philippines			
1950	11.2	1.1	10.0
1958	11.4	0.9	10.5
Thailand			
1950	10.8	...	10.8 ^c
1958	14.2	2.1	12.1

Source: See the explanatory note, page 63.

^a Including inventory changes: + 1.2 per cent of gross national expenditure in 1951 and + 0.4 per cent in 1958.

^b The concept of national income differs in mainland China from the one commonly used in private enterprise economies. It refers to material production only, and excludes economic activities not contributing directly to material production such as public administration and defence and personal and professional services. The estimates refer to net national income or product; they have been obtained indirectly by applying indices for the period 1950-1957 given on page 20 in the *Ten Great Years* (issued by the State Statistical Bureau and published by the Foreign Language Press, Peking 1960) to the official figures given by Li Fu-chun, Chairman of the State Planning Commission, on page 37 of 10 October 1959 issue of the *Red Flag* (in Chinese). According to the latter, national income in 1957 was given at 32.2 billion yuan above that in 1952 and, in 1958, at 32.3 billion yuan above that in 1957; calculated on the above basis, it would work out at 92.9 billion yuan in 1957 and 125.2 billion yuan in 1958.

^c Including transfer payments.

^d Excluding capital transfers, figures for which are not available.

^e Net national expenditure.

^f Expenditure includes net payments of state trading schemes; net receipts are included under revenue.

⁷ See table 23 on page 68.

National independence has imposed upon the budgets of the formerly dependent territories the full burden of defence, representation abroad and investment which previously was to a considerable extent carried by the metropolitan countries. In addition to a transfer of this responsibility, there has been a substantial growth in the functions of the state in the postwar period. The consciousness of their general backwardness in relation to the levels of living prevailing in the more prosperous countries of the world has created two types of demand which have appeared antithetical to each other. On the one hand, as stated earlier, the governments wishing to take a more long-term view of the situation have striven to step up national investment rates with a view to increasing the low levels of national income and attaining a self-sustained rate of growth. On the other hand, they have been under pressure to satisfy the more immediate needs (and demands) of the masses for cheap food, education, public health and sanitation, subsidized housing and employment. Of course, there is no true cleavage between what may be described as human or social replenishment and economic investment. But the governments have had to exercise a choice, in using the limited resources at their disposal, between the not so visibly or calculably beneficial social investment and economic investment which is more amenable to cost-benefit accounting. The priorities which were, in fact, assigned were more or less based on empirical grounds. While individual decisions have appeared to be the *ad hoc* products of expediency, the governments have been basically aware of the crying need for both types of investment and of the impossibility of drawing a dividing line between the two.

The third measure, namely, the contribution of the public sector to the national total of factor incomes suffers, like the first, from inherent limitations. The wage bill of government employees in public administration and defence, as given in table 18, is only a part of the total wage bill of public service employees. The other component—the factor incomes generated in public enterprises—is not available in the national accounts classification in ECAFE countries. Profits of public enterprises are shown as a distinct item. However, it would be strange indeed if the growth of public sector activity in the economic field were to be measured by the changes in the magnitude of the profits of public undertakings!

The governments of the ECAFE countries have, however, tried to divert to themselves an increasing share of resources from the private sector through taxation and other sources of revenue. In this attempt, more fully described in chapter 6, the governments did not score nearly as uniform a rate of success as they did in expanding their expenditures. Of the countries for which statistics are presented in

Table 18. ECAFE Countries: Income from Public Administration and Defence

Country and year	Percentage share ^a
Burma	
1950	7.6
1958	10.6
Cambodia	
1951	6.5
1957	12.7
Ceylon	
1951	8.1
1957	11.6
China: Taiwan	
1951	12.1
1958	11.4
India	
1950	4.5
1958	5.9
Korea, southern	
1953	7.3
1958	7.9
Pakistan	
1950	4.8
1958	7.0
Philippines	
1950	6.5
1958	7.9
Thailand	
1950	4.4
1958	5.4

Source: See the explanatory note, page 63.

^a Of gross national income at current prices for Burma, Ceylon, China: Taiwan, southern Korea and Thailand; of gross domestic products at constant 1956 prices for Cambodia; of net national income at current prices for India, Pakistan and the Philippines.

table 19, Indonesia shows a decline; the proportion in Japan, as a matter of policy, and in Pakistan involuntarily,⁸ has remained about the same; the others have shown varying increases.

THE OBJECTIVES FOR FISCAL POLICIES

The task of the governments of ECAFE countries in the fiscal and monetary field has also undergone a radical transformation in the course of being adapted to service several objectives, not all of which are fully consistent with each other. The governments have been confronted in their fiscal policies, as in other respects, with the need to make pragmatic compromises in choosing both the ends and the means to achieve them.

The first and, perhaps, the overriding task of present-day fiscal and monetary policies in the countries of the region is to secure an increase in the total of private and public saving in order to match

⁸ Pakistan experienced first a decline in the share of revenue in its national income, with the collapse of the Korean war boom; the share has subsequently risen gradually (see table 33, page 84).

Table 19. ECAFE Countries: Government Draft
on the Private Sector
(Per cent of gross national product)

Country and year	Total revenue	Current transfer payments	Net transfer receipts on current account
Burma			
1951	14.8	1.7	13.1
1958	19.1	1.5	17.6
Ceylon			
1950	15.4	3.3	12.1
1958	22.8	6.1	16.7
China: mainland ^{a, b}			
1950	15.3	...	15.3 ^c
1958	33.4	...	33.4 ^c
Taiwan			
1951	17.8	0.4	17.4
1958	21.9	0.6	21.3
India ^b			
1950	8.4	1.0	7.4
1957	10.5	1.9	8.6
Indonesia			
1951	15.7	...	15.7 ^c
1958	13.0	...	13.0 ^c
Japan			
1950	22.9	3.9	19.0
1958	22.2	5.0	17.2
Korea, southern			
1953	7.1	0.6	6.4
1958	12.7	1.7	11.0
Pakistan ^{b, d}			
1950	10.8	0.4	10.4
1958	10.6	1.5	9.1
Philippines			
1950	7.7	0.7	7.0
1958	11.1	0.8	10.3
Thailand			
1950	8.9	...	8.9 ^c
1958	11.8	2.1	9.7

Source: See the explanatory note, page 63.

^a See footnote b of table 17 on page 56.

^b Net national product.

^c Including current transfer payments.

^d See footnote f of table 17 on page 56.

the total of private and public investment. If this objective is achieved, monetary demand for current expenditure, outside of the non-monetized sector, will be controlled or regulated to match the supplies available. The growth of the economy can then take place under conditions of price stability.

In addition to the rise in national investment, higher outlays are incurred by governments in the countries of the region in attempting to meet their commitments for current expenditures. It may therefore be of some help if we can use a new concept, namely, aggregate non-consumption⁹ to take into account the magnitude not only of national investment but also of the current government expenditure. In this connexion, the literature on planning in centrally planned economies suggests a parallel. Since, in

these economies, practically all investment is assumed to be centralized in the public sector, government revenue is budgeted to cover current government requirements *plus* national investment. The government secures this "non-saleable output" directly from the national productive apparatus under its control. The balance, known as "saleable output", is sold for personal consumption at prices which would roughly equate its value with the money incomes paid out as wages. If the state, at a given moment, has an increased volume of goods for the private sector, it either raises wages or lowers prices of the saleable output. If there is less to go round, wages generally are not lowered; prices are raised or goods are rationed; distributive channels are clogged with short stocks and long queues. The private enterprise (or mixed) economies are also interested in maintaining a stable price level; the monetary demand in the private sector for consumer goods and services—the saleable output of centrally planned economies—should match the available supply of these at the currently prevailing prices.

The rise, shown in table 20, in the national proportion of spending on non-consumption has created pressures of excess-demand on consumption output in almost all countries of the region in the postwar period. The task of withdrawing from total money incomes a percentage to equal non-consumption outlays, has had to be shared between the private and the public sector. In most countries, Japan being a notable exception, the real savers in the private sector are businesses and not households. Business saving is composed of funds retained in business for depreciation and investment. In Asian economies, economic activity is mostly organized on the basis of individual ownership of small units. Peasant farming or shopkeeping predominates in the economic structure. The business saving of this sector, over and above what the farmers or shopowners spend on maintaining their meagre equipment, can hardly be distinguished from personal or household saving. Organized business, while growing, remains small; even in a relatively more industrialized country like India, net value added by this sector was only 13 per cent of the net national product in 1957. Private sector saving, as a result, has remained small. It is upon the public sector, therefore, that the major task has fallen of lowering the proportion of outlays on private consumption to the level which would equate it with the proportion of resources available for it in the economy.

It does not quite follow that the need to lower the national aggregate rate of private or personal consumption outlays necessarily calls for a decline in the current levels of consumption in practice. The problem has, however, often been presented in a way which would seem to imply that the under-

⁹ See the explanatory note at the end of this chapter, pp. 63-64.

Table 20. ECAFE Countries: Allocation of Gross National Product
(Per cent)

Country and year	Domestic sector				Foreign sector	
	Non-consumption			Total	Consumption	Net exports of good and services ^b
	Government current outlay ^a	Government capital outlay ^a	Private investment outlay		Private consumption outlay	
Burma						
1951	8	5	8	21	73	6
1958	16	10	12	38	68	-6
Ceylon						
1950	10	6	3	19	76	5
1958	11	8	4	23	80	-3
China: mainland ^{c, d}						
1950	14	3 ^e	...	...	...	...
1958	16	21 ^e	—	37	63	...
Taiwan						
1951	17	8	14	39	66	-5
1958	20	11	7	38	69	-7
India ^d						
1950	5	3 ^e	2 ^e	10	90	—
1958	7	7 ^e	3 ^e	17	86	-3
Indonesia						
1951	13	3	7	23	75	2
1958	18	2	3	23	76	1
Japan						
1950	11	5	21	37	61	2
1957	10	9	23	42	59	-1
Korea, southern						
1953	9	1	11	21	87	-8
1958	14	4	9	27	82	-9
Pakistan ^d						
1950	7	2	...	...	...	-1
1958	9	5	...	...	...	-2
Philippines						
1950	7	3	6	16	83	1
1958	8	2	8	18	84	-2
Thailand						
1950	9 ^f	2 ^f	...	...	...	5
1958	9	3	...	...	...	-2

Source: See the explanatory note, page 63.

^a Net claim of the public sector; excluding transfer payments but including inventories.^b Negative sign indicates net imports.^c See footnote b of table 17 on page 56. Government current outlays refer to the state budget only, and exclude the lowest level local government outlays on which no information is available. Government investment includes also the outlays made outside the state budget, amounting to 0.3 per cent of net national product in 1950 and 4 per cent in 1958. These outlays outside the state budget are, however, excluded from all other tables (except table 27 on page 75), since, in other respects, statistical difficulties are encountered in going beyond the state budget.^d Net national product.^e Net investment.^f Including transfer payments.

developed countries are forced to choose between reducing consumption and reducing investment, that is, if the latter is not to be sacrificed, to undergo a process of what is popularly described as one of "tightening the belt". This need not be so. At such low levels of national productivity capital inputs—fertilizers, for instance—could be so planned as to result in substantial increases in output in relatively short periods. While a sizable proportion of these increases could be devoted to non-consumption, some share could also be devoted to raising consumption

levels. In other words, increasing national income could provide for both the rise in the levels of living and in the rate of non-consumption.

The postwar period has, in fact, witnessed such a trend in most of the newly developing ECAFE countries, although the situation has been widely divergent in the different countries. Among those experiencing favourable developments have been the countries, or individual sectors, where a rapid expansion in output was secured by a critical injection

of some investment. Examples of this are Indian agriculture in the first five-year plan, or the plantation sectors in the economies of Ceylon and the Federation of Malaya. Even some social investments such as the measures taken for malaria control contributed benefits out of all proportion to the amounts of expenditures involved. For instance, an augmentation of 20 per cent in the area of land available for rice growing in the Philippines has been attributed to the anti-malaria campaign.¹⁰ An unfavourable factor, on the other hand, has been the growth in the population which has been the by-product of the very investments in public health. For instance, the approximately 4 per cent average annual rise in the real national product of Ceylon between 1950 and 1957 was offset by an average annual rate of growth of over 2 per cent in the population.

The financial burden on the government, however, can be lightened if saving can be secured directly in non-monetary terms, in forms such as a physical levy on product or unpaid labour for investment projects. The centrally planned economies practise this method to an extent which makes their fiscal policies look somewhat insignificant; the wage bill remains lower than the value of total output to the extent that saleable output is lower than the total. Several of the private enterprise economies have also attempted to raise savings, in the context of their community development programmes, through unpaid services for public works of social or community benefit. The contribution of such services to the total of savings has, however, remained small.

The burden could also have been lightened if the governments of the private enterprise economies of the region could themselves have practised restraint in non-developmental expenditure which they have enjoined on their citizens. True, the governments have succeeded on the whole in raising the rate of private sector transfers to themselves. They have, however, been forced to use up a substantial proportion of resources so obtained for non-developmental requirements and retransfers to the private sector in the form of consumer subsidies, losses on public undertakings, and other expenditures of a redistributive character. If government saving could be defined as the excess of revenue over the total of non-investment expenditure (transfer payments and current expenditure on goods and services), it would emerge that the growth in government saving has fallen fairly short of the growth both in revenues and in the government claim on national product for investment. The shortfall would have been compensated if the governments were effective in

inducing the private sector to make a corresponding increase in saving over investment. In fact, their failure to increase public sector saving has been the major cause of inflationary pressures that have plagued several countries of the region in the postwar period.

In addition to the problem of striking an internal balance between non-consumption resources and outlays, the countries of the region have been confronted with the problem of maintaining a balance between their external receipts and payments. For the newly developing countries, the past growth in their exports has been, and future prospects are, handicapped by the demand and supply conditions affecting primary commodities in world markets; imports, in the meanwhile, have grown and are likely to continue growing at a faster pace than exports, in response to rising levels of living and stepped-up rates of investment.¹¹ For these countries, this imbalance is critical for their economic growth, since they remain predominantly dependent on imports for their requirements of capital goods; the slower long-term growth in their exports creates acute problems of import financing. Japan's economy is also basically dependent on its exports of finished manufactured products to finance its imports of raw materials and intermediate goods needed to keep its production going. The fiscal system of most countries of the region is, therefore, geared to the objective of maintaining a balance in their external accounts; the importance given to fiscal *vis-à-vis* other policies, however, varies from country to country. Japan has relied primarily on credit control and on other weapons of monetary policy; India and Pakistan, on the other hand, have depended on direct import and exchange controls. The instruments of fiscal policy employed to conserve balance of payments have also varied; Indonesia has practised differential exchange rates for exports and imports; Ceylon has levied taxes on merchandise imports.¹²

The measures employed to restore external balance may, however, be in conflict with the objective of preserving domestic stability. Policies designed to reduce import surpluses or bring about an export surplus, tend to add to inflation by reducing the volume of retained output at the same time as monetary demand is bottled up at home and thus presses on it. In fact, the countries of the region have often seen-sawed between domestic inflation and balance of payments crises; in correcting one, they have slipped into the other. The task of remaining solvent in external transactions has required of them

¹⁰ Statement by I.C. Fang, Regional Director, at the meeting of the Western Pacific Regional Committee of the World Health Organization in Manila, August 1960.

¹¹ See United Nations, *Economic Survey of Asia and the Far East, 1959*, chapters 4 and 5.

¹² 'Invisible' imports and capital transfers in Ceylon are subject to exchange control.

a delicate sense of timing and of balancing between the rival claims of internal stability and external balance.

In the performance of this task they have been considerably helped by the availability of foreign aid. This special feature of the postwar period is in some ways similar to, but in other ways quite distinct from, the prewar investment of the metropolitan countries. Such saving has been made available to almost all countries of the region largely in the form of institutional or inter-governmental grants and loans. The foreign sector statistics for 1957 or 1958 for all the countries of the region included in table 20, indicate a favourable change in their balance of payments position compared with what it was at the beginning of the 'fifties. The availability of foreign saving has helped the economic situation of the aid-receiving countries in three ways. It has enabled them to call for a smaller reduction in the proportion of resources available for consumption; the reduction between 1950 and 1958 was less than the increase in resources devoted to non-consumption to the extent that there was a net increase in goods and services received from abroad. This factor is strikingly illustrated by the statistics for Burma. Secondly, the balance of payments has been helped directly. Thirdly, counterpart receipts from the sale of aid goods have reduced the sum total of money incomes available for spending on consumption.

Among other objectives of the fiscal policies of ECAFE countries, that of restoring short-term stability, or compensatory fiscal policy as it is generally called, is also given a high priority. It consists in the attempt made by governments to adjust their revenues and expenditures in order to counteract the effects of short-term fluctuations in demand resulting from changes in the volume of production or exports, in the terms of trade, or in government or private sector spending. These compensatory policies, seeking essentially short-term stability, should be distinguished from the policies designed to raise the proportion of non-consumption outlays in the pursuit of economic growth under conditions of long-term stability. The latter generally operate only in one direction, viz. in the direction of curbing a chronic condition of excess demand, whereas compensatory policies are either anti-inflationary or anti-deflationary depending on the situation encountered. While all the countries of the region have practised compensatory fiscal policies to counteract adverse short-term developments, Japan has assigned such policies a very important role. To obtain saving for long-term economic growth, it has depended more on the private sector and monetary policies in view of its well developed financial institutions.

A further aspect of fiscal policies, of great significance in the newly developing countries of the region, consists of the attempts made by the governments to transfer to themselves not only the financial resources that would have otherwise been spent on private consumption but also those which would have been spent on private investment.

The latter are not required for purposes of maintaining price stability, since stability could have been maintained if the aggregate withdrawal of potential demand from consumption were to equal the value of resources devoted to non-consumption, irrespective of whether private sector savings were transferred to the public sector or not. It would not much matter for purposes of economic stability if the government financed all its expenditure by printing notes and the private sector its investment by bank credit, provided an equivalent amount of money was just hoarded by the private sector. So long as the hoarding is not brought out for spending, the conditions for maintaining stability are met.

The governments of the countries of the region, however, attempt to take over, both in loans and in taxation, a part of the saving or potential saving in the private sector with a view to having direct control over the utilization of this saving. On the one hand, they provide a gamut of tax and other incentives to increase private saving in an attempt to raise the aggregate rate of non-consumption. Several of them, however, disapprove of the competition that the private sector sets up with the government in the use of this saving. Except for small personal saving, private sector saving is frequently neither lent to the government nor is it directed to priority projects. Business profits are generally "ploughed back" in the expansion of existing industries; only a very small proportion is available for setting up new industries. Other saving is often used for investments of low priority such as gold imports, luxury housing or consumer durables, or for speculative purchases of land or commodities. Idle money also comes out in bursts of dishoarding if there is the least threat to the price level. Both direct controls and taxation are, therefore, used to divert monetary resources with the intent to lure them away not only from consumption but also from the private sector into the hands of the government to be spent in accordance with the priorities established in the national development plans or programmes.

Finally, the fiscal systems of the ECAFE countries are permeated with social objectives among which that of reducing inequalities of income and wealth is outstanding. It can be argued that an increase in inequality raises savings, since the rich save a higher proportion of their incomes than the poor. It need not, however, be taken for granted that all

attempts to redistribute incomes and wealth will automatically reduce incentives. Even if monetary saving is reduced, a more egalitarian society may be considered as an augmentation of "human capital" resulting in higher productivity and increased output. The rich, on the other hand, may use their higher incomes and wealth in bidding for resources in an effort to increase luxury consumption or inessential or speculative investment. The epitome of this search for equality is progressive taxation of incomes and of commodities consumed by the rich. While progressivity has been defended on economic criteria such as ability to pay, the desire to reduce economic inequalities has been the dominant motive and the more valid justification for it. Some countries have, however, been forced under political pressure to carry the quest for equality to extremes. Income taxes have been made so progressive that they seek to take away 80-90 per cent of marginal incomes in the upper income brackets. Income ceilings have been advocated if not implemented. Such excesses could only encourage tax avoidance and evasion and thereby defeat their very purpose. The general and praiseworthy objective of reducing inequality might be more effectively pursued by exploring methods other than exorbitantly high (and impractical) marginal rates of income taxation; the disincentive effects, in respect of economic effort or payment of taxes, might be avoided.

On the expenditure side also, excessive zeal for equality has taken the form of subsidization of the economic and social services provided by the state, to the detriment of government (and national) saving, as noted above. The newly won independence has given the vote to a large electorate which, conscious of its political strength and made aware of the social consumption patterns of high-income economies, is demanding similar benefits irrespective of the capacity of the economy to afford them. The vote-conscious legislators have, in their turn, striven constantly to voice concern for the poor in demanding continual increases in public subsidies, at the same time as they have watered down measures to raise revenue from the poor. In doing so, they tend to overlook the possibility that a corresponding reduction in the resources for development might injure the prospects for economic growth which, in the final event, would benefit the poor more than would most measures aimed at a redistribution of current output. Of course, equality up to a point in their tax and expenditure policies, would strengthen the forces for growth, but, if the promotion of it is carried to the extreme, it may do harm.

Thus, both economic and non-economic considerations have governed the expenditure and revenue policies of the governments of the ECAFE countries

in the postwar period. These policies are reviewed respectively in chapters 5 and 6. The final chapter goes beyond the subject of government expenditure and revenue, and reviews the operation of over-all fiscal policies and their impact, deterrent or stimulating, on the private sector in bringing its economic behaviour into line with national long-term and short-term objectives. It is in this context of the practical application of these policies that it can be clearly seen how the government of to-day has assumed a role extending far beyond the boundaries of the public sector; it has achieved an influence which is "all-pervading". In doing so it has employed both the "direct" and "indirect" means.

The words "direct" and "indirect" have been differently used in economic parlance. But the variety of definitions helps to illustrate the several connotations of the government's role. At least two usages of the term can be distinguished. The first has relevance to the impact of governmental action on the market mechanism. "Direct" actions (or controls) are those which interfere with the market mechanism. These are measures such as rationing and price controls. "Indirect" measures are those which are inductive in action; instances of such measures are the monetary and fiscal controls. According to a somewhat similar usage, all physical measures of allocation are called "direct" and all financial measures are described as "indirect". But the second, and more common, distinction concerns the degree of actual *participation* by the government. According to this distinction, "direct" means of implementation are those where the governments take upon themselves to do what they want to have done. "Indirect" means, then, would be those where the governments merely act so as to influence the private sector to do the jobs the governments want to have done. These means would include "all the arsenal of incentives and disincentives intended to induce, to influence and to change the size, shape and composition of the private sector"¹³ including physical and price controls designed to that same end. It is this distinction which is of primary importance in distinguishing between the size and the role of the public sector. The role of the state in the postwar economic life of the nations of the ECAFE region, or, for that matter, in the other developed or under-developed regions of the world, is much bigger than its size; only in the centrally planned economies do the two tend to merge with each other.

¹³ United Nations, "Development Policies and the Means for Implementation of Development Programmes, with special reference to ECAFE countries", *Economic Bulletin for Asia and the Far East*, Vol. VII, No. 3, November 1956.

EXPLANATORY NOTE ON SOURCES, TIME REFERENCE AND COVERAGE AND DEFINITIONS OF TERMS

The statistical material in this study, unless otherwise acknowledged, was compiled by the ECAFE secretariat from national budgets and accounts and publications relating to national income, from the United Nations publications, mainly the *Statistical Yearbook 1959* and the *Yearbook of National Accounts Statistics 1959*, and from the material supplied by the governments to the secretariat. Unless otherwise stated, figures of expenditure and revenue relate to actual outlays and receipts, rather than to budget or revised estimates. The time reference for national income is calendar years for Cambodia, Ceylon, China (mainland and Taiwan), the Federation of Malaya (including Singapore up to 1953), Indonesia, southern Korea, the Philippines, Thailand and southern Viet-Nam; and fiscal years, beginning 1 April of the year stated for Hong Kong, India, Japan and Pakistan, and ending 30 September of the year stated for Burma. Budgetary data are for fiscal years as described in the section of Asian Economic Statistics. They refer either to calendar years, or years beginning with 21 March, 1 April or ending with 30 September of the year stated. In the case of countries such as the Philippines, where fiscal years change on 1 July, the statistics, for instance for 1958, when taken from the Budget documents, were the average of those for 1957/58 and 1958/59. Other *pro rata* adjustments were made in order to take into account fiscal periods which were shorter or longer than twelve months, when the dates of fiscal years were being altered.

The term "government" includes, in addition to the central government, local governments for mainland China and state governments for the Federation of Malaya, India and Pakistan; for other countries, only the central governments are included. As far as possible, the accounts of public enterprises are integrated under "government" transactions. The term "government expenditure" includes current and capital transfer payments to the private sector, but excludes, wherever possible, inventory changes; similarly, the term "government investment" includes expenditure on fixed assets and on capital transfers such as purchase of land and houses and granting of loans and advances (net) but excludes changes in inventories held on general government account or in government enterprises. Following the practice in national income statistics, defence capital outlays are treated as current expenditures. Defence outlays financed by foreign military assistance, unless otherwise stated, are excluded from the coverage of "government expenditure", since information on the magnitude of such assistance is not available. Total

and defence expenditures thus tend to be understated. The term "government revenue" includes receipts from taxes, fees from licences granted or economic services provided, profits of government enterprises and income from government assets. It excludes from its coverage the proceeds from domestic borrowing and foreign aid, be it grants, loans or counterpart funds from the sale of aid goods. The term "government deficit" or "budget deficit" is correspondingly used to denote an excess of "government expenditure" over "government revenue", both defined as above; the term "government surplus" or "budget surplus" would correspondingly denote an excess of "government revenue" over "government expenditure". A budget deficit, so defined, need neither be considered undesirable nor inflationary *per se*; its impact will depend on the method of its financing, the countervailing measures and policies pursued by the government and a number of other factors in the economy. That part of budget deficits, which is financed in such a way as would result in an increase in the money supply with the public, is referred to as "money creation on government account". Several governments describe this portion of budget deficit as the deficit, or the financing of it as "deficit financing".

In the course of discussing fiscal policies, two more terms are used. The term "government saving", following the practice in national income statistics, refers to an excess of government revenue over its current expenditure, whereas the term "budget deficit" measures the excess of revenue over total—current and capital—expenditure. Correspondingly, a government is described as "dissaving" when its revenue falls short of its current expenditure. The second term used in discussing fiscal policies is "non-consumption" in its reference either to national resources or to national outlays. The national net supply of allocable or disposable resources of goods and services (production *plus* imports, including those received in foreign aid, *minus* exports) or the national total of outlays, including the value of non-monetary output, is assumed to be allocated to four principal purposes: government current expenditure, government investment, private investment and private consumption. For want of a better term,¹⁴ the term 'non-consumption' is used to refer to both resources and outlays. It denotes the total of the first three allocations—that is, government current expenditure, government investment and private investment. The negative term thus indicates the sum-total *not* available for private or personal consumption. Such an extension of the investment and saving concepts, traditionally used in economic

¹⁴ The term non-saleable output employed in the centrally planned economies is unsuitable, since the items covered are, in fact, saleable in private enterprise economies.

analysis, so as to include the resources claimed by, and money spent as, current government expenditure, facilitates a discussion of fiscal policies. The essential condition for maintaining price stability, if this usage is adopted, is an equality between the resources devoted to 'non-consumption' and the outlays incurred on it. Correspondingly, in the private sector, the supply of goods and services available for 'consumption' ought to be in balance with consumer spending.

The term 'consumption' is confined to the private sector only, although government current expenditure is quite generally described, in national income statistics, as 'government consumption'. The former

is, however, preferred and the latter avoided in this study since not all the current expenditure of a government is for collective or community consumption. A part of the current expenditure, such as that on technical education, research, agricultural extension services, trade promotion, and on most social services, is predominantly investment rather than consumption in character.

A discussion of definitions thus leads us to the problems of classification. These are discussed in chapter 5.¹⁵

¹⁵ See pages 69-70.

Chapter 5

GOVERNMENT EXPENDITURE

The expenditure of public money, reflecting as it does the utilization of resources by and through the government, involves the weighing of alternate means to promote the public good. In framing its budget, a government is obliged to decide how much of the national product shall be devoted to public expenditure and how much shall be left in the hands of individuals. It must decide what share of the total government expenditure shall go to each of the competing demands—education, defence, public industry, administration, and so on. Each of these must be weighed against all of the rest in the light of some conception of the common good, with due allowance for political and other considerations. It is the purpose of this chapter to describe the choice that was actually made in various Asian countries over the last decade or so.

A country's choice of a pattern of expenditure reflects an interplay of ideology and practical considerations. In a country where the political climate favours the welfare state, the government will generally spend more on the social services—education, health and welfare. Government expenditure on industrial investment will generally be larger in a primarily socialist country than in a country that believes in private enterprise. Nevertheless, the choice in expenditure is governed by a pragmatic approach. The choice of whether or not to spend government money on public health is not uninfluenced by the presence or absence of an efficient system of private medical care; nor is a government's decision of whether and where to invest in industry uninfluenced by the pattern of private entrepreneurship. It is not intended here to judge between the competing objectives or to assess the evaluation of its needs made by any government. All that is attempted is to show some of the patterns of expenditure and, where possible, to relate these patterns to the situations encountered within the countries.

The analysis of government expenditure in this chapter begins with an examination of the magnitude and the growth of the total expenditure of government. In an analysis of its components, difficulties are experienced owing to the lack of a consistent system of classification of budgetary data. The budgets and accounts are prepared traditionally in terms of administrative departments. In functional terms, the services provided by the government can be broadly

classified as economic services, social services and general services. In respect of economic services, an analysis of public investment is undertaken in view of its crucial importance to economic growth. An ascertainment of the size and growth of public investment precedes a discussion of its distribution between infrastructure, industry and agriculture and of government policies regarding the respective roles of the public and the private sector. Next, consideration is given to government expenditure on social services in areas such as education, public health, social welfare and community development, and a distinction is drawn between expenditure on what has been described as "human investment" and on "welfare" measures aimed primarily at securing a redistribution of incomes. Finally, the trends in government expenditure on general services, mainly those concerned with public administration and defence, are briefly reviewed.

THE VOLUME OF GOVERNMENT EXPENDITURE

An absolute measure of *the magnitude* of government expenditure could be obtained by reducing the total of such expenditure expressed in national currencies to some international unit of measurement such as the United States dollar, and by taking into account the differences in the size of the populations affected.

Apart from the unequal coverage of the public sector, which is particularly affected by a lack of uniformity with regard to the inclusion or exclusion of specific public enterprises, such a measurement involves conceptual and statistical pitfalls in the conversion of national units of currency into United States dollars. The current rates of exchange, at which such conversions are usually made, measure the parity between goods exchanged in foreign trade. They are less reliable as a reflection of the respective internal purchasing power of the national currencies. And the bulk of the purchases of national governments—including their wage bills—is made within the countries concerned and not outside. Thus, a rupee in Ceylon, India or Pakistan, or a kyat in Burma, may indicate a higher volume of real resources than 21 cents in the United States.¹ There

¹ For a careful study of these problems and an attempt to tackle them, see Milton Gilbert and Irving B. Kravis, *An International Comparison of National Products and the Purchasing Power of Currencies*, Organization for European Economic Co-operation, (Paris, 1954).

are also statistical limitations inherent in the conversion of currencies of countries which operate multiple exchange rates or allow them to fluctuate freely.

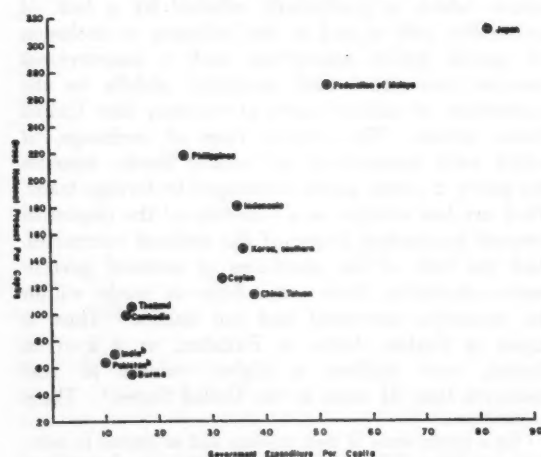
We may, however, relate the volume of government expenditure to the country's capacity as expressed by its national product. As noted in chapter 4, this also is not free from limitations.

Subject to this reservation, the magnitude of government expenditure in the ECAFE region, excluding mainland China for the moment, varied between US\$10 and US\$70 per head, or between 10 and 30 per cent of national product. While the absolute volume stands in sharp contrast with US\$300-400 range per head in the prosperous industrial nations such as Sweden, the United Kingdom or the United States, most of these industrial countries nevertheless fall within the same category as ECAFE countries in respect of the percentage of the government draft on the total national product.

It is also true within the ECAFE region that the rich countries have the largest absolute amount of government expenditures per head. Japan, with a national income of \$300 per capita, spends about \$70 on the services provided by the Government, while Burma, with an income of only \$45, spends \$14 on government. Burma's per capita national income itself is smaller than the per capita expenditure of Japan's government sector! (See chart 4).

Chart 4

ECAFE Countries: Per Capita Gross National Product and Government Expenditure in United States Dollars, 1958^a



^a 1957 for Cambodia and the Federation of Malaya.

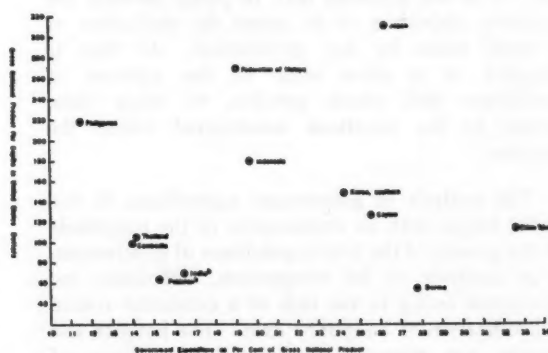
^b Net national product.

A very different picture emerges when the share of government expenditure in national product is compared with the absolute size of the product, as in chart 5. The chart is difficult to interpret. If anything, it shows that there is no necessary relationship between the absolute size of national product and the draft made on it by the public sector. The results appear to be a product of diverse and offsetting influences. They may show countries in different stages of growth: the poorer countries engage in large initial expenditures preparing for a take-off, whereas the richer ones can afford the "luxuries" of collective consumption. It may also mean that, irrespective of the level of national product, some items of expenditure remain more or less fixed. The requirements of the administrative machine and the defence forces, and the need to maintain an adequate school system or a network of roads—all of these may be in part independent of per capita national income, so that the financial burden entailed becomes inversely related with the level of national income.

The chart also brings out that the higher range—21 to 30 per cent of the national product—has been reached only by a few countries such as Burma, Ceylon, China: Taiwan, Japan and southern Korea. The share of the government in the national allocable resources of India, Indonesia, Pakistan, the Philippines and Thailand, which together accounted for over two-thirds of the population of the region excluding mainland China, is in the 11-20 per cent range. While the governments of these countries, particularly in India and Pakistan, have endeavoured to play the leading role in the process of economic

Chart 5

ECAFE Countries: Government Expenditure Compared with Size of Per Capita Gross National Product, 1958^a



^a 1957 for Cambodia and the Federation of Malaya.

^b Net national product.

growth, 80 per cent or more of their allocable national resources have been left in the hands of the private sector for consumption and investment.²

The growth of government expenditure in the years 1950-1958 may be seen from table 21. Expenditure in 1958 had increased in real terms in all the countries of the region for which statistics are available. For many of them, the increase in expenditure was greater than that in revenue. Not only did expenditure increase in absolute terms, but it took a larger share of the expanded national product in 1958 (see table 22).

The volume or growth of public expenditure in mainland China is not comparable with that of other Asian countries, in that it has been the product of the attempt by the state to incorporate all economic activity in the public sector. The growth of the public sector, therefore, reflects and measures the continual extension of the range of government control over the economy. By the end of its first decade in power, the government had assumed direct control of virtually all business firms, and had organized agriculture into collective farms which from 1958 have been merged with other industrial or commercial activities—carried on a small scale—to form communes. Both of these objectives were achieved through a series of innovations and expedients.

² This is not to suggest that the allocation of this 80 per cent or more is uninfluenced by the public sector. But the influence would be "indirect", in the sense that the sector is free from ownership by or financial dependence upon the Government.

Table 21. ECAFE Countries: Indices of Growth of Government Expenditure, Government Revenue and Prices, 1958

(1950=100)

Country	At current prices		Wholesale prices	Cost of living
	Government expenditure	Government revenue		
Brunei	908	752	...	...
Burma	278	189	108 ^a	104
Ceylon ^b	162	141	...	104
China: mainland	602	642	118 ^c	...
Taiwan ^d	502	475	148	206
Federation of Malaya	245	140	...	117
Hong Kong	250	207	...	107
India	237	168	106	115
Indonesia ^b	332	225	250 ^d	290 ^e
Japan	287	253	140	140
Korea, southern ^f	787	770	...	339
Laos ^g	825	477	...	353
Nepal ^h	152	180	...	...
North Borneo	312	225	...	...
Pakistan	233	147	...	129
Philippines ^b	150	167	94	95
Sarawak	351	199	...	...
Singapore	355	238	...	117
Thailand	261	261	136	170

Source: See the explanatory note, page 63.

^a Farm products.

^b 1951 = 100.

^c See table 34 on page 86.

^d Imported goods

^e Food.

^f 1953 = 100.

^g Revised estimates.

Table 22. ECAFE Countries: Government Expenditure, 1950-1958
(Per cent of gross national product)

Country	1950	1951	1952	1953	1954	1955	1956	1957	1958
Burma	15	14	17	20	29	27	25	25	28
Cambodia ^a		12	14	13	22	20	13	14	...
Ceylon	19	19	26	24	19	19	24	26	26
China: mainland ^b	16	24	28	31	34	35	34	31	33
Taiwan ^d . . . . .	...	25	28	23	26	27	28	30	33
Federation of Malaya ^a	9	11	15	19	...	18	20	19	...
India ^c	9	9	10	10	12	14	14	16	16
Indonesia		16	19	18	16	13	14	15	20
Japan	24	23	26	26	26	26	24	25	26
Korea, southern				13	17	16	14	22	24
Pakistan ^e	10	13	16	12	13	11	11	16	15
Philippines	11	11	12	12	11	12	12	12	11
Thailand	11	13	16	16	18	14	14	16	14

Source: See the explanatory note, page 63.

^a Budget estimate for 1957, and revised estimates for 1952-1955. Including aid-financed defence expenditures up to 1955.

^b See footnote b of table 17, page 56.

^c Net national product.

^d Excluding loans and advances up to 1953.

^e Including Singapore up to 1953.

Broadly speaking, the policy of mainland China towards business firms was implemented in a sequence of steps that enabled the Government to retain the skill of the entrepreneur class during the period when an administrative system was being created to replace it. In the years immediately following the revolution, the state limited its control to "bureaucratic capitalism", defined as covering those industries which were already state-owned under the previous regime. The rest of the industry was left in private hands, although considerable assets passed into government hands in the form of fines imposed on the private sector in the course of the "Five-Anti" campaign³ which was launched in 1952. The state also established new firms and acquired existing firms; it exercised control over the market for the produce of industry. Finally, from 1954, private enterprise was reorganized into "state-capitalist" enterprise, a partnership between private owners and the state, which was the penultimate stage before complete nationalization. By 1957, almost all business, even retail trade, that was not entirely state-owned took this form. Officially, this metamorphosis was accomplished through the "light breeze and gentle rain" policy of inducing businessmen to prove their acceptance of the revolution by voluntarily introducing the changes which might otherwise call for compulsion.

Similarly, agriculture passed from peasant proprietorship to collectives, and then to communes. In the period of reconstruction, the Government limited its activity to reducing indebtedness, expropriating the landlords and redistributing land to the poorer peasants. Gradually in the early and mid-fifties, there was a transition to mutual-aid groups and co-operatives and then to over 700,000 collective farms covering an average of one hundred and sixty families per farm. The collectives still allowed individual peasants to own their houses and small plots of land. Finally in the "great leap forward" of 1958, the collectives were themselves fused into about 26,000 communes with an average of 5,000 families each. The collectivization of agriculture in effect meant the complete proletarianization of the peasant community.

The overriding principle of agricultural policy was to extract the largest possible quantity of resources from the agricultural sector in order to feed an ever-growing number of industrial workers and to provide an export surplus to finance capital imports. A system of communes was established to serve this aim in two ways: it was considered particularly amenable to technical change in agriculture, and suitable for mobilizing the full labour of the agricultural community at a minimum cost to the state. The Chinese land redistribution in

the period of reconstruction pulverized the landlord class which was the major source of opposition, without antagonizing the great majority of peasants. Subsequent stages of communization, which would have met with strong opposition if introduced precipitously, were then brought about with a minimum of conflict.

The results of the series of measures designed to introduce the socialist pattern of society are clearly brought out in table 23. In the period 1952-1957, the share of the private sector in "national income" fell from 78.7 to 2.8 per cent.

Table 23. Mainland China: Sectoral Shares in National Income, 1952-1957
(Per cent of national income)*

Year	State-owned economy	Co-operative economy ^b	Joint state-private economy	Capitalist economy	Individual economy
1952 . . .	19.1	1.5	0.7	6.9	71.8
1953 . . .	23.9	2.5	0.9	7.9	64.8
1954 . . .	26.8	4.8	2.1	5.3	61.0
1955 . . .	28.0	14.1	2.8	3.5	51.6
1956 . . .	32.2	53.4	7.3	—	7.1
1957 . . .	33.2	56.4	7.6	—	2.8

Source: State Statistical Bureau, *Ten Great Years*, (Foreign Language Press, Peking 1960), page 42.

* See footnote b of table 17 on page 56.

^b From 1955 onward most of the "co-operatives" were transformed from the "elementary form" (co-operatives proper) to the "advanced form" (collectives in fact).

Indonesia has also witnessed increased state participation in economic activity in the pursuit of the political objective of "guided democracy" with its corollary of "guided economy" and the politico-economic policies of nationalization. The sharp increase, however, in the proportion of national product absorbed by the Government in 1958 was the result of higher defence outlays to cope with the rebellion. Nevertheless, faced with a failure to increase revenue in real terms, and forced to practise deficit financing resulting in an inflationary situation, the Government appears to have attempted to let the real wages of its employees slide (although their numbers might have swollen), and contracted the volume of expenditure on investment and on some of its normal obligations, at the same time as it increased the scope of its other responsibilities.

The growth of public expenditure in the other countries of the region has been a product not only of expansion in the scope of the traditional functions of government but also of the assumption of new responsibilities, which were reviewed in general in chapter 4, and which will be reviewed in detail in this chapter.

³ Against bribery, tax evasion, theft of state assets, cheating in labour and material and the leakage of state economic secrets.

The growth, of course, has been somewhat uneven over the period. On the whole, it has tended to accompany the growth in national income, although rising a little faster. However, within this general trend, it has shown accelerating or decelerating tendencies which appear to have been generated in response to changes in balance of payments, fiscal revenue, domestic price levels, or, in one or two cases, to the feeling that the government had already overstretched itself in relation to its material and administrative resources. The governments confronted with such policy decisions appear to have taken a breathing spell before they resumed their policy of taking an ever larger share of the national product. On the other hand, the unevenness in the share also reflects the sizable fluctuations in gross national product in countries which are primarily agricultural.

THE CLASSIFICATION OF GOVERNMENT EXPENDITURE

The components of government expenditure are broadly arranged in two systems of classification. Of major importance is the functional classification which illustrates the priorities which governments assign to the financial demands for their various functions or areas of endeavour. This classification sets out the importance, and changes in importance, of the expenditure on economic services, such as those relating to agriculture, industry and commerce, social services, such as health, education and housing, and general services, such as defence, administration and justice. In doing so, it illustrates the government's assessment of political and social needs and objectives.

The second classification is obtained in the course of outlining the transactions by and through the public sector in the system of national accounts. Here, the major emphasis is on the distinction between current and capital outlays, and between transfer payments to the private sector and payments made to it for goods and services rendered. In achieving their end-products, current outlays leave no assets; they thus yield a set of once-and-for-all services. Capital expenditure, on the other hand, creates new facilities which yield a stream of continuous or recurring services.

Unlike the functional classification, the classification of government expenditure into current and capital transactions and transfer and factor payments—or economic classification, as it is sometimes called—has no purposive connotations. It does not reflect any value judgements on the part of the governments as to the desirability of one spending agency or one type of expenditures *versus* the other; current expenditure may be as necessary for the public good

as capital expenditure, or transfer payments to the private sector as relevant as government sector outlays.⁴

From this point of view, the economic classification serves a limited purpose; it provides but a link in the chain of economic sector accounts for the entire community. It is in relation to the society or economy as a whole that it is of prime importance to inquire how far the national annual supply of resources was used up to satisfy current wants and what proportion was "saved" or "invested" to augment the supply at a future date. While the assets created by the community are of cardinal importance for the analysis of its functioning and growth, the increase in the assets of the public sector *per se* is of less interest. The capital expenditure of the government is not significant for the stream of services that they would provide to the government in the future; it has to be assessed in relation to the growth-productive potential that it creates for the community at large.

The ability to provide for the growth of income for the community is, however, not exclusively confined to capital expenditure, nor is all capital expenditure equally or even truly growth-promoting. In recognition of the latter limitation, national income statisticians prefer to exclude defence capital expenditure from the combined capital account of the community. On the other hand, several items of current expenditure, such as technical training or malaria control, may possess significant growth potential.

Dissatisfied with the definitions of current and capital expenditure, several countries of the region, India and Pakistan in particular, have tended to move away from the durability criterion of classification to the more pertinent one of distinguishing expenditure which may be described as non-relevant and relevant to economic uplift or growth. Since these outlays have been budgeted in the context of economic and social development plans, they have tended to classify government expenditures into developmental and non-developmental outlays. If the various technicalities are ignored, developmental outlays in India include, in addition to investment outlays, the recurrent expenditure made necessary by investment programmes in the plan; construction for general administrative services as well as defence capital outlay, on the other hand, have been excluded.

⁴ "What is chiefly of interest is the economic nature of the effects (on employment and level of economic activity) produced by different types of government transactions and their magnitude. The political and social purposes involved are, in this context, immaterial". *A Manual for Economic and Functional Classification of Government Transactions*, United Nations (New York, 1958), p.33.

In Pakistan, the definition of development expenditure has varied in the two five-year plans. In the first plan, it covered not only gross fixed investment, but also recurring and non-recurring costs of all new schemes in the fields of health, village aid and other social services. The definition adopted in the course of the drafting of the second five-year plan was changed so as to exclude recurring costs of schemes with the exception of items such as spending on popularizing, distributing and subsidizing fertilizers, or payments of salaries to agricultural extension workers engaged on schemes specifically included in the plan. The coverage was expanded to include local bodies. In the ten-year plan in Ceylon and the three-year programme of social and economic development in the Philippines, on the other hand, development expenditure is generally defined as total expenditure on economic and social services, irrespective of whether the outlays are current or capital. This illustrates the complications encountered in basing the analysis of government expenditure on any classificatory scheme.

In the data most readily available, such as in the statistical appendix to the *ECAFE Surveys*, there is an admixture of functional and economic criteria of classification. First, a distinction is made using the latter criteria in listing all investment as a total irrespective of its functional distribution; the remaining outlays are subclassified according to functions or services provided. It has not been possible to work out an economic-functional cross-classification for the several countries and years covered by the analysis in this study.⁵ If attempted, such a cross-classification would have sought to divide the expenditure primarily under three functions (or areas of government activity) viz. economic services, social services and general services with sub-categories as desired. Each of the functions—and its sub-category—would have been then classified into current and capital outlays, and further subdivided into factor payments or payments for goods and services purchased, and transfer payments to the private sector for consumption or investment. Governmental attempts at a functional-economic reclassification of their budgets and accounts have so far consisted of only a few exploratory studies.⁶

⁵ Owing to the expenditure of effort involved, only a functional classification for one year was attempted for nine countries of the region. See table 28 on page 79.

⁶ See "Reclassification of Government Expenditures and Receipts in Selected Countries" (E/CN.11/BRW.2/L.3), submitted as a working paper to the second Budget Reclassification Workshop held in Bangkok in September 1957, and "Development of Budget Reclassification Work in the ECAFE Region" (E/CN.11/BRW.3/L.3), submitted to the third Workshop in Bangkok in August 1960.

The plan of analysis followed in the ensuing pages is, therefore, an expedient to suit statistical convenience.⁷ It begins with a consideration of aggregate public investment or development outlays. It excludes defence capital outlays as their value to future needs—even for defence purposes—remains uncertain. The development outlays for India and Pakistan also exclude construction for such items as government offices; they include, on the other hand, several items of a current nature. Owing to the varying coverages, inter-country comparisons of public investment are not pressed too far.

The analysis of public investment is aimed at indicating the salient features of efforts of government to respond to its prime concern, viz. the achievement of national economic growth. In the field of economic services, unlike in those of social or general services provided by the government, investment expenditure more nearly represents the achievements of its aims. The limitations in correlating government's public investment with its growth-promoting effort have been outlined above. If, however, the correlation is not over-stretched, the many errors—of commission and of omission—can be ignored and prime attention given to public investment outlays as being of cardinal importance for economic growth—and that for three reasons. First, government activity in the economies of ECAFE countries is significantly directed to the promotion of economic growth; secondly, government capital formation is a substantial proportion of national capital formation; and, finally, a large part of this capital formation accounts for the bulk of its growth-promoting effort. It is true that investment and growth promotion effort, if graphically represented as two superimposed circles, would not both enclose exclusively the same area; however, the area common to both would also be the bulk of the area enclosed by either of them.

The analysis of public investment expenditure is followed by that of government expenditure on social and general services, in terms of aggregate outlays rather than of investment only. Current expenditure, in these fields, is deemed no less significant than capital expenditure for the realization of the desired objectives.

THE SIZE AND GROWTH OF GOVERNMENT INVESTMENT

Three major trends are discernible in government investment in ECAFE countries in the postwar period, although there are individual exceptions to the trends described and variations among countries

⁷ The "city-states" of Hong Kong and Singapore are excluded from detailed treatment since a significant part of their government outlays is municipal in character. Municipal outlays, in their turn, are only inadequately covered in the data for other countries.

sharing a similar trend. First, government investment has claimed an increasing share of the national product, and of national investment. Secondly, the share of investment in total government expenditure (including transfer payments) has risen. And finally, several countries show a trend towards a decentralization in favour of the implementation of government-financed investment by provincial or local governments, public enterprises, or even the private sector.

The countries of the region are all interested in stepping up their growth rates; to that end, they all pursue a policy of raising national rates of investment. *The share of the public sector in the national product and in national investment* also went up in the process, as shown in table 24. While total government outlay in most newly developing ECAFE countries, with the notable exception of mainland China, was within the range of 10-30 per cent of the national product observed in the advanced industrial countries of the world (Japan included), the share of public investment in national capital formation in the Asian countries (Japan included) was, on the whole, higher. In the western industrial countries, public investment varied between one-fifth to two-fifths of total national investment; in Asia, it ranged from about one-quarter to over two-thirds. Mainland China, with its practical elimination of private investment, is, of course, on quite a different footing. Public investment policies in Japan have been directed to maintaining a high rate of growth for the economy as a whole and have been focussed upon areas where private investment is slack in coming forward.

The expansion of public investment in the newly developing countries has been directed largely towards the formation of economic and social overheads, which is regarded as an essential prerequisite to general economic development. It is interesting to note that, besides being high, the increase in the share of public investment over the years was much greater than, for example, in Latin America. This was so because the need for the types of investment usually undertaken by the public sector loomed larger in Asia than in many Latin American countries where such investment had already been carried out on an appreciable scale in the first half of the century. Needless to say, dominant ideologies, political considerations and natural endowment, as well as the level of development already attained, played an important role in determining economic policies, and, within this general frame—decisions on public sector investment.

Although public investment, during the last decade, kept increasing at a brisk pace in most countries of the region, and often outstripped the rate of expansion of private investment, the trend lacked consistency in some countries; the decline in recent years in Burma reflects important changes in economic policy. Indeed, except in the case of mainland China, which forms a category of its own, a consistent and deliberate drive to increase public investment, to broaden its scope and to rely upon it as the main lever of economic development could be observed only in India. Indonesia, while giving preference to public investment, was afflicted with unsettled conditions during the period under review, which prevented effective implementation of government programmes.

Table 24. ECAFE Countries: Government Investment, 1950-1958

Country	Per cent of gross national product										Per cent of national investment	
	1950	1951	1952	1953	1954	1955	1956	1957	1958	1950	1958	
Burma	3.5	4.0	6.3	6.1	12.0	12.1	10.4	9.5	10.4	34	48	
Ceylon	6.3	5.4	8.4	7.4	5.6	6.3	8.3	7.3	8.4	72	70	
China: mainland ^{a, b}	2.4	3.8	6.1	9.4	10.2	11.1	15.7	13.6	17.1	...	100	
Taiwan ^c		5.2	5.8	5.4	6.4	8.4	7.3	9.5	11.2	43 ^d	73	
Federation of Malaya ^a	1.9	2.5	4.1	4.1	...	2.6	2.8	3.3	...	38	28 ^f	
India ^b	2.7	2.9	3.0	3.2	4.4	5.5	6.1	7.1	7.1	60	71	
Indonesia		2.7	2.5	1.9	3.3	2.3	2.0	1.6	1.7	28 ^d	37	
Japan	8.8	10.5	10.3	11.3	9.1	10.3	8.9	10.2	11.0	54	41	
Korea, southern				2.9	5.0	5.6	3.8	8.9	8.0	41 ^e	64	
Pakistan ^b	1.7	3.3	3.8	3.5	3.0	2.1	2.5	5.2	4.8	...	...
Philippines	3.2	2.7	3.1	3.0	2.5	2.7	2.8	2.6	2.1	44	26	
Thailand	2.1	3.8	3.9	3.5	3.5	2.6	2.3	4.7	3.2	...	...

Source: See the explanatory note, page 63.

^a See footnote b table 17, page 56 and footnote c of table 20 on page 59.

^b Net national product.

^c Excluding loans and advances up to 1953.

^d 1951.

^e Including Singapore up to 1953.

^f 1957.

^g 1953.

Indicative of the effort undertaken by the Indian Government is the almost threefold growth (at constant prices) of the net capital formation out of the budgetary resources of the central and state Governments between 1950 and 1957.⁸ According to the latest revised estimates, public investment on projects within the first five-year plan amounted to Rs 15.6 billion and on projects within the second five-year plan to Rs 36.5 billion, a rise from 46 per cent of total plan investment to 54 per cent.⁹

Public investment in Pakistan increased sharply in the immediate post-Independence years, but subsequently slumped and remained more or less stationary until 1957. At constant prices, public investment increased by one and a half times from the first year (1955/56) to the fourth year (1958/59) of the first five-year plan. In the last year of the plan, the share of public investment was expected to rise to 6.6 per cent (from 2.1 per cent in 1955/56) of the national product and to 63 per cent of national investment (from 46 per cent); it was expected to be held around the 60 per cent level during the second five-year plan. The conscious and rather

heavy reliance on the public sector is stated by the country's planners to have been dictated by the exigencies of the situation in the country.

The recent increase in public investment in countries such as China: Taiwan, southern Korea, Thailand and southern Viet-Nam has been caused by, among other factors, a very considerable influx of foreign aid. China: Taiwan and southern Viet-Nam show considerable investment undertaken directly by foreign aid. In the former, the United States aid financed 37 per cent of national gross fixed capital formation in 1957, as compared with an annual average of 26 per cent in the period 1954-1956. This contribution was predominantly, although not exclusively, channelled through the public sector for infrastructure investments. In southern Viet-Nam, in 1958, investment through the United States aid was four times as large as the capital formation through the government budget.

The Philippines, on the other hand, is the only country where public investment obtained a reduced share both of the national products and of national investment. At about 2 per cent of national income and a quarter of national investment, public investment in the Philippines shared in 1958 the lowest proportion of national product with Indonesia and of national investment with the Federation of Malaya.

The share of investment in total government expenditure usually varied between 20 and 40 per cent, being, on the whole, closer to the upper level (see table 25). Indonesia is rather an exception;

Table 25. ECAFE Countries: Share of Investment in Government Expenditure, 1950-1958
(Percentage)

Country	1950	1951	1952	1953	1954	1955	1956	1957	1958
Afghanistan	41	42	44	37	30	33	46	...	...
Burma	23	28	36	31	41	45	42	39	37
Ceylon	33	29	33	31	31	33	35	28	33
China: mainland ^a	15	16	22	30	30	32	46	44	52
Taiwan ^b . . . . .	...	20	21	24	24	31	27	32	34
Federation of Malaya	13	17	19	22	21	24	31	25	24
India	29	31	30	33	37	41	43	44	43
Indonesia . . . . .	...	17	13	11	20	17	14	11	9
Japan	37	45	40	43	35	40	38	41	42
Korea, southern				22	29	35	26	40	33
Nepal ^c		38	30	32	34	28	28	28	39
Pakistan	17	26	23	29	25	19	23	33	31
Philippines	29	25	27	26	23	23	24	22	18
Thailand	20	29	25	22	20	18	16	29	23

Source: See the explanatory note, page 63.

^a See footnotes b table 17 on page 56 and c of table 20 on page 59.

^b Excluding loans and advances up to 1953.

^c Developmental expenditure. Budget estimates for 1951, 1952, 1954, and 1957. Revised estimates for 1953, 1956 and 1958.

its budgetary and other difficulties brought investment down to a low level of 9 per cent of total government spending. Other countries nearer the lower limit are the Federation of Malaya, the Philippines and Thailand, countries which share the outlook that, under their present circumstances as well as in their ultimate development, the private sector could be relied upon to bring about a more efficient utilization of national resources than the public sector.

In mainland China, as the state budget came gradually, through the process of socialization of industry and commerce, to encompass almost the entire national industry and trade (with the exclusion only of small enterprises run by people's communes), the investment component of state expenditure rose. The annual rate of expansion has, however, been uneven. There have been periods (1951-1953, 1955-1956 and 1958) when it increased over the previous year; these were followed by periods of levelling off (1954) or even decline (1957 and also 1959, when the proportion declined to 51 per cent). However, over the ten-year period, a high and sustained investment effort has been maintained.

In India, the growth of capital outlays outpaced the growth of current expenditures; a sharp increase took place during 1954-1955. Pakistan raised its investment proportion during 1951-1954, reduced it in the next two years, and raised it sharply again in 1957-1958. In the Philippines, on the other hand, capital formation decreased from one third of the government outlay in 1949 and one quarter during 1951-1953 to around a fifth thereafter, in view of budgetary difficulties and in pursuance of the official policy of giving a freer hand to private capital and market forces.

It seems that governmental capital expenditure tends to fluctuate more sharply than current expenditure. The latter is less amenable to reduction. Thus, a bad crop or an adverse turn in the terms of trade is much more likely to induce a country to go slow in capital outlays rather than to cut down current expenditure. On the other hand, increased public investment often went together with an increase in foreign aid. This need not imply that foreign aid was directly channelled into investment; it is more probable that the influx of foreign aid enabled the countries to devote more of their own resources to capital formation.

It is of some interest to note that a *decentralization of public capital outlays*, as well as of certain current outlays of a developmental character, has been taking place in several countries. An increasing share of public investment has been undertaken, in countries with a federal structure, by state or provincial and local authorities. This trend has been

particularly marked in mainland China and Pakistan, but is also visible in Burma and Thailand. Mainland China's investment made by local authorities (and a few public enterprises) outside the State Budget increased its share of national product from 0.3 per cent in 1950 to 4 per cent in 1958, whereas investment in the State Budget increased its share from 2 to 17 per cent.¹⁰ In Pakistan, from 1956/57 to 1958/59, capital expenditure by the state governments more than doubled, and their share in aggregate government investment rose from 33 to 43 per cent. In Thailand, investment by provincial and municipal authorities went up from 9 per cent of public investment in 1952 to 13 per cent in 1956. In India, however, the shares of plan outlays by the centre and the states have not changed much; slightly more than one half of the plan outlays in the public sector is being undertaken by the centre, and somewhat less than one half by the states.

Decentralization of public investment has been even more marked in favour of public enterprises. In mainland China, investment by public enterprises is almost fully included in the state budget. The status and the functions of public enterprises elsewhere vary considerably as between different countries, and even between different time periods within the same countries. Comparisons, therefore, can only be approximate. In China: Taiwan and India, public enterprises accounted for over two-thirds of government investment in 1958; the share in Burma was about a half, in southern Korea about two-fifths, in Ceylon about a third, in Pakistan about a quarter, and in Thailand about a fifth of government capital outlays.

On the whole, investment by public enterprises or government corporations increased at a considerably quicker pace than total public investment or investment by general government. In India, for instance, between 1948/49 and 1956/57, the capital expenditure of an extensive range of government enterprises, such as industrial undertakings, irrigation and power projects, railways, road transport, air transport, shipping, etc., rose practically twice as fast as that of general government.¹¹ Similar trends could be observed also in Burma where public enterprises increased their share in total government investment from 34 per cent in 1950 to 55 per cent in 1958; in China: Taiwan, their share went up from 59 to 67 per cent between 1951 and 1958.

A further aspect of investment decentralization is the provision of public capital grants and loans to private industry for investment. In some Latin American countries, such as Mexico, Cuba and

¹⁰ See table 20 and footnote c of table 20 on page 59.

¹¹ *Estimates of National Income, 1948/59 to 1958/59, op. cit.*

Ecuador, public loans to private enterprise have reached considerable proportions.¹² In Asia, however, such medium-term and long-term loans to the private sector are an important feature of public investment only in Japan, in southern Korea and, to a lesser extent, in the Philippines.

In Japan, in the early 'fifties, loans were on the increase because the Government provided a large amount of working capital to various government credit agencies in order to help them meet an acute shortage of private capital. In 1952-1953, for instance, the total of loans to the private sector was more than three times as high as direct investment by the central Government (see table 26). Subsequently, there was an increase in the share of direct investment by government departments, especially in the development of small and medium industries, housing, roads and other public works; the supply of funds to the private sector contracted sharply during 1954-1956, but thereafter experienced an upturn, and during 1957-1959 exceeded the level of 1952-1953, although the 1952-1953 proportion to total investment was not reached. However, the distribution of fiscal investment since 1954 indicates an important change. The supply of loans to Japan's key industries declined, while they increased in the field of foreign trade, small business, housing and economic development of local interest. In brief, the focusing of fiscal funds on general private investment became less important; the spotlight remained on areas traditionally less attractive to

private capital. As a matter of fact, the roles have been reversed; the municipal sector in Japan in recent years, has been relying on funds borrowed from the private sector to finance public investment.

In the newly developing countries of the region, with the exception of the Philippines, public lending has increased. Virtually all medium and long-term loans granted to the private sector by the government and government lending agencies, such as the industrial or investment finance corporations in India and Pakistan, are for industrial investment. However, as agricultural credit was mostly confined to short-term crop loans, specialized institutional facilities for granting medium and long-term loans have been created in Burma, Pakistan, the Philippines and in several other countries of the region. In India, additional funds have been provided to the co-operative credit societies and to the land mortgage banks both by the Reserve Bank and by the largest commercial bank,¹³ which was nationalized with the principal objective of extending banking facilities to rural areas.

DISTRIBUTION OF PUBLIC INVESTMENT

The aggregate levels of public investment as well as the distribution patterns thereof have varied from country to country—the differences being attributable to natural endowment, the stage of economic growth and the economic policies pursued. Despite the differences in all these factors, certain features appear more or less common to a number of countries. There was, for example, a very rapid growth in demand for infrastructure investment in transport, communications and energy, and considerable investment was undertaken in order to fill the gap between needs and existing capacities. Also, the problem of expanding food supplies and primary exports loomed large, and efforts were made to achieve greater production through investment in irrigation facilities, land reclamation and improvement in agricultural inputs. On the other hand, the stress on public investment in manufacturing industries varied greatly from country to country, and also over time, during the period under review. In mainland China, India and Pakistan and, to some extent, in Burma before 1955, public investment assumed a predominant role in the context of broad industrialization programmes. However, only mainland China and India gave priority to the development of heavy industries. As pressure for investment in economic fields became increasingly felt, a relatively slight decrease in capital outlays for social purposes could be noted in several countries.

Table 26. Japan: Trends in the Volume and Distribution of Central Government Loans and Investment, 1952-1959
(Billion yen; annual average of fiscal years)

Volume and distribution	1952-1953	1954-1956	1957-1959
<i>Loans to private sector</i>	159	110	193
Key industries	94	27	42
Foreign trade	3	14	18
Small and medium-sized businesses	18	27	63
Agriculture, forestry and fisheries	25	19	23
Housing	20	22	36
Local development	—	1	11
<i>Government direct investment</i> . .	48	77	154
Public works ^a	2	5	25
Transportation and communications	33	33	51
Industrial development	12	30	48
Housing	—	9	30
TOTAL	207	187	347

Source: Government of Japan, Economic Planning Agency, *Economic Survey of Japan, 1958/59*, p.213.

^a Mainly roads.

¹² See United Nations, *World Economic Survey 1959*, p.89.

¹³ The Imperial Bank of India which has been renamed the State Bank of India.

Table 27. ECAFE Countries: Distribution of Public Investment, 1950-1959
(Per cent of total investment)

Country	Transport and communications	Construction	Agriculture	Industry	Energy	Health & education	Other
Burma	30	16 ^a	15	16	15	5 ^b	3
Ceylon	22	13	35	3	8	11	8
China: mainland ^c	15	3	9	— 51 —	—	6	16
India ^d	32	e	29	13	8	16	2
Philippines	40	3	22	6	*	15	14
Thailand	43	9	19	4	8	12	5

Source: For mainland China: *Ten Great Years, op.cit.*; for other countries: United Nations, *World Economic Survey 1959*, p.85.

^a Including education and health.

^b Welfare services only.

^c 1952-1958. Including investment made outside the state budget by local authorities and enterprises. See footnote c of table 20 on page 59.

^d Spending under development plan rather than actual investment; general administrative construction is not considered part of the development plan.

^e Included under other heads.

The expenditure on *infrastructure* has, of necessity, been the largest in investment outlays in most government budgets of the region, as in this field private enterprise could be expected to show least initiative, and that for three reasons. First, it requires large outlays in single projects of investment. Laying down a road or a railway line or developing ports may require an amount of capital which, in these countries and in many other countries of the world, would be beyond the capacity of the private sector. Secondly, such outlays need a relatively long time before they start paying off, and even the pay-off is spread over a very long period. Finally, the investment has to be made in projects which, while highly beneficial to the community as a whole, cannot be or should not be operated to yield direct profits. These economic characteristics of infrastructure investment, therefore, makes it suitable only for public initiative. And, since it remains crucial for general economic development, several countries of the region have allocated as much as 40-50 per cent of their investment budgets to projects in the field of transportation, communications and energy. Only Ceylon has chosen to devote 30 per cent since the country was rather well endowed with railroad facilities provided during the development by British capital of its plantation crops for exports. While total public investment in Indonesia remained low, a switch appears to have been made in favour of infrastructure investment; the share of power, irrigation and communications rose from 27 per cent in 1956 to 64 per cent in 1958 at the expense of investment in agriculture, industry, mining and social welfare.

Mainland China, unlike other countries in the region, did not have to adjust its outlays in relation to the private sector. It therefore went into *industry*

straightaway with about half¹⁴ of its total investment outlays. Since the state possesses almost total control over all productive assets, the share of industry in aggregate public investment could be interpreted to mean that the country devoted half of its investment resources to industry, which may not be out of tune with the distribution of investment that can be expected at the stage of development attained.

Of its allocations to industry between 1952 and 1958, mainland China devoted 85 per cent to heavy industry, and the balance to light industry. The larger allocation to heavy industry seems to be a common feature of economic development in large countries, irrespective of their economic philosophy. Influenced by the existence of vast markets, they have chosen to base their development programmes on considerations of self-sufficiency. There is, therefore, a preference for the creation of heavy industry which will provide the wherewithal to put up light industries which in turn could provide consumer goods. This preference for roundaboutness, as also the possession of domestic iron ore, led both mainland China and India (the latter in the course of its second five-year plan) to stress steel and machine-building industries.

With the exception of these two countries, the emphasis on public participation in industry has been confined to construction materials or light consumer or producer goods. Investment outlays involving heavy construction activity created a demand and search for locally produced building materials.

¹⁴ Including coal mining and electricity. See also footnote e of table 28 on page 79.

Simple consumer or producer goods, often of import-replacement type, were also the favourites, preferably for initiation in the private sector, but, if that was not forthcoming, then in the public sector.

Pakistan had perhaps the most successful experience in getting economic development going, starting with light industries in the public sector. Although industrial investment performance fell short of plan targets owing to balance of payments difficulties, the actual results achieved were impressive. In the public sector, the Pakistan Industrial Development Corporation (PIDC) established a number of industrial projects including cotton and jute mills, paper, newsprint and board factories, and plants for the production of fertilizers, DDT, penicillin, dyes, etc. The achievements of the first five-year plan have created a favourable climate for industrial growth; accelerated development is expected during the second plan period.

In their enthusiasm for the public sector, governments have at times been conservative in estimating the pace at which the private sector could implement the task allotted to it in the field of industry. In India, for instance, the private sector exceeded the plan targets both in the first and second five-year plans. Industrial investment in the public sector fell short by 47 per cent of the target in the first five-year plan; the target in the second five-year plan appears likely to be achieved as a result of the Government, confronted with foreign exchange difficulties, implementing policies aimed at directing resources to the public sector. As the 1959 ECAFE *Survey* pointed out, government controls in India in 1958 were tightened up in favour of "core" projects, which were mostly in the public sector. The increased share taken by the public sector both in internal resources—through taxation—and in external resources—through foreign exchange allocation—led to a decrease in the amount of capital that could be raised in capital markets by companies in the private sector¹⁵ and a lower share for private imports. Capital investment, involving imports of capital goods, was permitted only if the private sector could itself secure credit facilities abroad for its individual projects.¹⁶ In fact, the Government appeared to be content with the substantial performance by the private sector, even though that was lower than the potential maximum.¹⁷

¹⁵ Government of India, *Appraisal and Prospects of the Second Five Year Plan*, 1958, p. 64.

¹⁶ Pakistan also appears to have followed a similar policy.

¹⁷ "All available information suggests that the organized private sector in industry, mining, plantations, electricity undertakings and transport other than railways has invested in the first half of the plan itself as much as it was expected to invest over the whole of the Plan period", *Reserve Bank of India Bulletin*, January 1959, "Some Reflections on Our Domestic Economy," a talk by the Governor of the Bank.

Burma, China: Taiwan and the Philippines have, on the other hand, chosen to withdraw from public sector participation in industry in favour of private enterprise. In Burma, for instance, public investment had more than doubled between 1953 and 1955, and more than 70 per cent of the additional investment was channelled into industry. However, since 1956, financing and management difficulties, and also a changed emphasis in favour of giving the private sector a chance, restricted public investment in industry to the completion of projects already begun. In fact, between the fiscal years 1956/57 and 1958/59, the share of industry in total public investment was reduced from 12 to 7 per cent. Similarly, in the Philippines, government investment in commerce and industry grew from 16 per cent of the total in 1950 to 31 per cent in 1955, but dwindled thereafter to a mere 3 per cent in 1959. Pakistan is also placing reduced emphasis on public sector investment in industry in its second five-year plan. By the end of March 1959, the PIDC had transferred to the private sector 28 out of the 48 "projects" that it had by then completed.

Ceylon, on the other hand, has wavered in its policy on public enterprise with successive changes in its Government. The pre-Independence Government had inherited, as a legacy from the war, about a dozen small factories designed to replace imports which had been curtailed during the war. It reviewed its industrial policy in 1945, and followed thereafter a policy of directly owning and operating "basic" industries. The mission organized by the International Bank for Reconstruction and Development criticized this policy rather harshly.¹⁸ Following this criticism, in 1955, the Government adopted the policy that its role should be only that of a sponsoring agency which would make up for the lack of venturesomeness on the part of the private sector in investing in industry. Once the enterprises get off to a good start, the Government should transfer them to private capital. In pursuing this policy, government investment in industry decreased from 5 per cent of the total in 1947/48 to less than 1 per cent in 1955/56. The emphasis, however, changed again with the advent of a new Government in 1956. The existing state-sponsored government corporations were converted into state industrial corporations. The Government undertook the task not only of "setting up" but also of "carrying on" industrial undertakings.

¹⁸ "We cannot escape the conclusion that the Ministry of Industries, intent on building big factories of its own, has had its attention diverted from more fundamental areas of public service such as training technologists and skilled workers, affording technical and other aid to existing industries, and encouraging enlistment of private capital and energies towards development of a sounder pattern of diversified small industries which the country needs." *The Economic Development of Ceylon*, (Johns Hopkins Press, 1953), p. 514.

In consequence, government investment in industry went up again—to 7 per cent of total government investment in 1957/58.

It is agriculture,¹⁹ however, that has received the highest priority after transportation and communications in the investment plans of many Asian governments. The objectives here were to augment domestic food supplies and primary exports. In this field, Ceylon put well over one-third of its public investment effort. While the programmes for developing its export crops with public subsidies yielded considerable dividends, they did not meet with equal success in the major aspect of the public sector effort—the opening up of new land, in the Dry Zone in the north and the east, for colonization and rice cultivation with a view to replacing imports. The projects in this area were not governed primarily by economic considerations; social welfare, and income and population redistribution, were perhaps the main motives. The economic results achieved were, therefore, not commensurate with the costs incurred.

National self-sufficiency in food, or at least the nearest point to it, was the objective of the agricultural investment policy in India and Pakistan also. The first five-year plan of India devoted one third of its plan outlay to undertakings (such as irrigation, multiple-purpose river schemes) designed to stimulate agricultural production. Only 5 per cent went to industry. The favourable results achieved at the end of the plan led the planners to believe that they had underestimated the nation's capacity to increase food production. The food emergency was considered to be over; the sense of urgency was lost. In the second five-year plan, therefore, while the target rate of increase was considerably raised, the emphasis was shifted to industrialization, especially to the development of heavy industry. The second plan will be ending in March 1961, and indications are that the agricultural target will not be hit, although output had increased by 35 per cent between 1949/50 and 1958/59. The proposed outline of the third five-year plan, therefore, in raising the food production target still further reassigns a high priority to public investment in agriculture and to factories producing chemical fertilizers.

¹⁹ Capital outlays often underestimate the total effort made to increase agricultural production. A part of the investment consists of subsidies given to the private sector in order to enable it to improve or increase agricultural inputs such as fertilizers and seeds, or of direct public sector expenditure on extension services. In budget classifications of several countries these efforts are classified as current expenditures. Similarly, even among capital outlays, those on the establishment of fertilizer factories or on the construction of roads are described as investment in industry or transportation although such outlays may be undertaken with the ultimate intent of increasing agricultural production.

Similar changes in emphasis are observable also in Pakistan where, over the five-year period of its first plan, there was practically no increase in agricultural production. As a result, the second five-year plan is assigning a higher priority to investment that will raise food production. Even in mainland China, a trend is visible in recent years towards expanding the share of agriculture in total investment.

Thailand, on the other hand, has been reducing agricultural investment. The country was rewarded with very satisfactory results in terms of production but was confronted with soft export markets for rice; once the projects in hand were completed, it progressively cut down its investment in agriculture and irrigation from about 40 per cent of the total in 1952 to 15 per cent in 1957. In implementing a policy of general retrenchment, the Philippines, too, having completed several of its projects, sharply cut its spending on the development of agriculture and natural resources from 30 per cent of total capital outlays in 1958 to 22 per cent in 1959.

GOVERNMENT EXPENDITURE ON SOCIAL SERVICES

In the field of social services, the traditional distinction between current and capital expenditure is of limited use; current expenditure is as representative or fruitful of the desired objectives as capital expenditure, perhaps even more so. The investment effort in the area of public health has to be measured not only in terms of hospital buildings put up but also in terms of the provision made for the supply (and training) of doctors and nurses and of the expenditure on preventive measures and medicines. Similarly, the provision made for the supply of teachers and text books may be no less important than that made for building schools. In fact, it is possible to save on school buildings through such arrangements as double shifts, as in China: Taiwan, or open air schools, as in North Borneo or in some of the states in India. The distinction between current outlays and capital formation loses its point when applied to the expenditure on human beings; both can be regarded as investment directed towards quality augmentation or replenishment of human capital.²⁰

²⁰ The term "human investment" is far from satisfactory in that it is "an attempt to incorporate into the language of economic analysis certain social activities that are not, as a rule, carried out primarily for economic purposes, although at the same time they can have extremely important economic effects. Inoculation of children against polio may pay off economically, but that is not the purpose of the inoculation . . . Economic investment criteria are not easy to use in relation to human investment." *Economic Bulletin for Asia and the Far East*, December 1959, p. 26.

There are, however, serious practical difficulties in isolating and evaluating expenditure on social services. In government budgets, this expenditure tends to be dispersed among a variety of departments. A study on social expenditure in India found an underestimation of 50 per cent for central government spending on social services and 20 per cent for the states governments "owing to the fact that the classification in the budgets is based primarily on departments rather than on functions or purposes."²¹ Secondly, the outlays have to be evaluated in terms of total national effort, including the activities of non-profit institutions, households and enterprises in the private sector. While government expenditure may predominate in services such as primary education or public health programmes, public and private efforts in most other social services are intertwined to a varying degree. Housing and social welfare activities such as the care of the old and the crippled remain predominantly private sector concerns in most countries of the region. Data on private efforts are, however, extremely difficult to obtain for social services; indicators other than expenditure allocation—such as numbers of doctors or teachers—have to be used in order to ascertain the volume of national resources devoted to social services and its distribution between the public and the private sectors.

In allocating funds to social services, the governments of the region have often encountered the problem of "choosing" between economic development and social welfare. Historically, it is true that, in the industrial countries, the improvement in economic conditions preceded the advance in social welfare; this does not, however, mean that they cannot go together. In the newly developing countries of Asia, the knowledge of and contact with advanced social welfare schemes in the developed countries, have already created a demand for social services from the masses—conscious of their political strength in countries like Ceylon—at a time when resources are also required for economic development. The mixed feelings of preference for economic expenditure and of reluctant submission to the diversion of resources to social services are explicitly expressed, for instance, by the President of the Philippines in his Budget Message presenting the country's *Five-year (1959-1963) fiscal plan*: "the choice would be to provide more funds for the maximum promotion of economic development and to restrict the expansion of social services until such time as additional funds can be generated from the increase in national income occasioned by agricultural and industrial development.

²¹ "An Exploratory Study of Social Expenditures in India," a paper submitted to the fifth session of the ECAFE Working Party on Economic Development and Planning. See *Economic Bulletin for Asia and the Far East*, December 1959, p. 34.

However, the mandatory nature of social development expenditures precludes the full adoption of the approach."²²

Expenditure on social services, however, goes towards the servicing of an essential social need. While finance ministers are, and always will be, confronted with unpleasant choices in having to allocate marginal expenditure between what appear to be equally good alternatives, they have, on the whole, attempted to achieve a practical and pragmatic compromise which, lacking precise criteria and a better name, is generally described as "a balanced approach to economic and social development."

In terms of government resources devoted to social services, Ceylon, Japan and the Philippines rank the foremost among the countries of the region. Social services account for 38 per cent of government outlay in Ceylon, 32 per cent in the Philippines and 30 per cent in Japan (see table 28). Government outlay, as a whole, accounts for 26 per cent of national product in Ceylon and 25 per cent in Japan; in other words, the public sector expenditure on social services in Ceylon is as high as 10 per cent and in Japan about 8 per cent of the gross national product. Because of the low proportion of Philippine government expenditure to national product, the share of government-provided social services in that country comes to less than 4 per cent. These outlays are in addition to private sector outlays which are higher perhaps in Japan than in Ceylon. Reliable estimates are not available, but the total national allocation would be around 15 per cent of the national product in the two countries. This can be contrasted with India or Pakistan. Total social service expenditure in these countries took only 16-18 per cent of government expenditure and less than 3 per cent of net national products. If private sector outlay is reckoned at about the same as public sector outlay, the national allocation would be less than 6 per cent or about 40 per cent of the proportion devoted in Ceylon or Japan. Even allowing for the respective differences in internal purchasing power of national currencies and their rates of exchange with each other, expenditure in India and Pakistan on social services in absolute terms (4 United States dollars per head) compares quite unfavourably with the amount spent (19 dollars per head) in Ceylon. Only part of the difference is accounted for by Ceylon's relatively greater prosperity; to a major extent, the difference expresses a deliberate preference for social services in Ceylon, a country which otherwise is poorer than Japan, but spends roughly the same proportion of its national product and a higher proportion of its public sector outlay on these services.

²² The President's Budget Message to the Fourth Congress of the Republic of the Philippines, Second Session, Manila-1959, p. 20.

Table 28. ECAFE Countries: Functional Distribution of Government Expenditure

Item	Burma (1958)	Ceylon (1958)	China: mainland (1958)	Federation of Malaya (1958)	India (1958)	Japan ^a (1957)	Pakistan (1957)	Philippines (1958)	Thailand (1959)
(United States dollars per capita)									
Gross national product . . .	55	126		270 ^b	70	306	63	220	103
Government expenditure . . .	15	32		52 ^b	12	76	10	25	15
(Per cent of gross national product) ^c									
Government expenditure . . .	28	26	33 ^d	19 ^b	16	25	16	11	14
(Per cent of total government expenditure)									
1. Economic services . . .	26	31	64 ^e	20	46	44	34	33	21
of which:									
Agriculture and community development . . .	8	11	...	7	9	11	9	11	5
Transportation and communications . . .	6	14	...	8	13	15	10	17	10
Industry	8	6	...	5	17	14	11	3	6
2. Social services	17	38	11	25	16	30	18	32	26
of which:									
Education	10	15	...	15	8	7	4	24	19
Health	3	9	...	7	3	2	2	6	3
Social welfare ^f . . .	4	14	...	3	5	17	12	2	3
3. General services	53	17	18 ^e	44	27	12	35	26	40
of which:									
Defence	28	5	12 ^e	16	13	7	18	15	21
4. Other expenditures . . .	4	14	7	11	11	14	13	9	13
of which:									
Interest on debt . . .	2	3	...	4	4	3	5	2	4
Pensions	2	5	...	...	1	...	...	...	...

Source: See the explanatory note, page 63.

^a Total and defence expenditures are actuals; the rest are derived from a reclassification of the 1957 budget estimates published by the Government of Japan, Ministry of Finance, in the *Monthly Bulletin of Fiscal and Financial Statistics*, November 1958.

^b 1957.

^c Net national product for mainland China, India and Pakistan.

^d See footnotes b of table 17 on page 56 and c of table 20 on page 59.

^e To the extent that heavy industries answering defence needs are also financed from investment allocation to 'industry', the share of economic services has swollen, and this has been at the expense of that of general services and of defence.

^f Including food subsidies in Ceylon, net transactions of state trading schemes and those relating to the "development assistance from the United States" (mainly food supplies under Public Law 480) in India, and the net transactions of state trading schemes (relating mainly to food distribution) in Pakistan.

The percentage of expenditure on social services in Ceylon, however, includes a special type of "welfare" expenditure. This is primarily the welfare implicit in the redistribution of incomes brought about by the Government in providing economic services at a loss (see table 29). The most important of such services is food distribution. The Government sells rice, on ration, at prices which have been on the average lower than the import costs and substantially lower than the prices paid to domestic

producers for sales of rice to the Government for rationed distribution. On the other hand, the Government derives profits from sugar distribution, and roughly breaks even in the distribution of wheat flour. Rice, however, is the most important staple in Ceylon's diet, and the price of rice has been a live political issue. At one stage, in 1953, the Government decided to relieve itself of the heavy burden imposed by rice subsidies; the political party that was elected in 1956 had, however, held out a

Table 29. Ceylon: Distribution of Government Expenditure, 1948-1958

Item	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958
(Indices of values at constant 1948 prices; 1948 = 100)											
Gross national product .	100	106	125	136	146	144	149	158	149	159	166
Government expenditure.	100	113	115	121	178	163	132	141	169	198	202
(Per cent of gross national product)											
Government expenditure.	21	22	19	19	26	24	19	19	24	26	26
(Per cent of government expenditure)											
Economic services ^a . . .	29	30	26	27	29	27	28	31	26	23	26
Social services ^a	25	25	27	25	23	26	31	30	29	26	27
General services	12	12	13	13	9	13	15	15	14	14	17
Income redistribution:											
Food subsidies	13	8	4	15	21	11	1	3	7	8	8
Direct relief	3	4	3	3	3	2	2	1	2	3	3
Losses on public undertakings	4	6	5	4	3	6	5	5	4	5	5
Other items ^b	9	8	7	7	6	7	9	9	9	8	11
TOTAL	29	26	19	29	34	26	17	18	22	24	27
Unallocable ^c	5	7	15	6	5	8	9	6	9	14	3

Source: Compiled from the Central Bank of Ceylon: *Annual Report for 1959*, (Colombo, 1960).

See also the explanatory note, page 63.

^a Net of income redistribution.

^b Including pensions and interest on public debt.

^c Including grants to local bodies and financial transactions.

promise to restore these subsidies in its election manifesto. The implementation of this promise by the new Government costs about 8 per cent of total public sector expenditure in the country.²³

Ceylon is perhaps an extreme example. It nevertheless illustrates the pressures that are building up in many countries of the region in favour of taking out a larger proportion of the national product in the form of a higher level of living and using up in the process the wherewithal for development. While a good case can be made for giving high priority to expenditure on social services, even in the limited context of aiming at economic growth, the countries of the region would be well advised to keep down to the minimum such redistributive expenditures which favour spendthrift consumption at the expense of development or investment. India

²³ In addition to these subsidies, an outlay amounting to 5 per cent of total expenditure is being incurred in covering the operating losses or government enterprises, principally the railways and the newly nationalized bus services. These losses are suffered under pressure from organized workers for higher wages, which have increased in real terms since 1957, and from the consumers for lower prices of public utility services. Even the economic objectives such as land settlement or food production have been overshadowed by objectives of income redistribution; colonization schemes have proved expensive owing to the inclusion of elaborate housing schemes. The rents charged (and only partially collected) have been uneconomic; the maintenance burden which could have been easily shifted to the tenants continues to rest with the Government.

and Pakistan, on the other hand, have, perhaps, gone to the other extreme in practising economy on social services.

In attempting to expand the scope of social services in their development expenditure, the countries of the region have put emphasis on more or less similar courses of action, although the magnitude of the resources devoted or the time schedules for implementation of the programmes have varied.

In the field of education, the countries have attempted not only to keep pace with the estimated increase in school-age population, but also to increase the proportion of actual enrolment in schools. Most of the plans have looked forward to reaching compulsory and universal primary education, if not within the current plan periods, at least, in some foreseeable periods beyond them. While progress made in this direction, on the whole, has been satisfactory, the countries have not felt happy at the advance in the provision of facilities for technical training at the high school and university levels. Although the greatest need has been for training foremen and engineers, teachers and doctors, the targets have by no means been reached. For instance, Indonesia's five-year (1956-1960) development plan envisaged producing 7,775 engineers and technicians and 1,070 doctors; in the three years from 1956 to 1958, only 537 of the former and 249 of the latter had graduated from the country's science and medical faculties.

The development programmes in the field of *public health* have laid emphasis on environmental sanitation in order to improve health, particularly in rural areas which are altogether lacking in any such facilities. Second in the line of importance, though not necessarily in terms of the volume of expenditure, is the control and eradication of the long-familiar scourges such as malaria, yaws and tuberculosis. Third in the line comes the improvement of existing medical facilities, such as hospitals and medical equipment, and the training of doctors, nurses, midwives, etc. The progress in public health, as in education, has been uneven. The disease eradication programme has been an outstanding success; in Ceylon, for instance, the death rate from malaria declined sharply from 2 per thousand in 1946 to 2 per hundred thousand in 1958. The achievement of targets in other fields has been less spectacular and lower than expected.

Other social welfare programmes for public sector expenditure have included provision of housing to low-income groups, resettlement of refugees, rehabilitation of the old, of the physically or mentally handicapped, and of orphaned children. *Housing*, however, has been a serious competitor to economic projects; the ECAFE region has experienced a critical shortage of construction materials which are required for roads, dams, factory and office buildings as well as for houses. The housing problem is generally the most acute in urban areas; the outlay on housing has been most significant in the two "city-states" of the region—Hong Kong and Singapore. The high capital-output ratio in housing has made some countries such as India give a rather low priority to it; others, Ceylon and Pakistan for instance, appear to consider it of major importance. Roughly 20 per cent of the total plan outlay is allocated to housing in the *Ten Year Plan* of Ceylon, and 13 per cent in the second five-year plan of Pakistan.

In their social and economic development programmes, most countries of the ECAFE region have placed a great emphasis on rural *community development*. This approach rests mainly on the conviction that the organized and effective use of the forces latent in the people can significantly supplement the direct efforts of the governments to promote economic growth, and thus smooth the process of social change implicit in the structural transformation of the traditional rural economy. The earlier programmes leaned heavily on social objectives such as mass education, or the provision of general social amenities, but more recently, as illustrated by the trends in India and Pakistan, community development programmes have been conceived of as relatively long-term programmes with multiple—social, cultural, economic and civic—objectives and a wide range of

means to achieve them. By the end of 1959, sixteen countries were implementing community development programmes with varying emphasis and coverage. The current programmes in Ceylon, China: Taiwan, India and southern Viet-Nam had covered by then more than half of the total number of their respective villages²⁴ with outlays ranging from 4 to 6 per cent of total public sector expenditure.

GOVERNMENT EXPENDITURE ON GENERAL SERVICES

The expenditure on general services has been growing, almost in line with the growth in total expenditure. The growth is more marked in the field of public administration; defence outlays have shown irregular movements depending on the security problems encountered and the availability of foreign assistance. Japan and Ceylon, with relatively smaller outlays on defence, spend on general services the lowest proportion among the countries of the region (see table 28).²⁵ The expenditure of the rest varies from a quarter to a half.

The reasons for the increase in public administration outlays have been the increase in population in all countries and, in several of them, in per capita consumption of the administrative services provided by the government. The number of offences investigated by the police and the number of civil and criminal cases tried by public courts between 1950 and 1955 in India increased by 16 per cent; the population of the territory administered increased by only half as much. Part of the work of administration has increased through the need to operate diverse controls. Another stream contributing to the volume of administrative outlays has been that of the growing claims for representation abroad, with the increase in the number of embassies, legations, and consulates, and of international conferences at all levels and in all fields. It is, however, difficult to make an assessment of the growth in real terms from the available data on expenditure at current prices (see table 30). Prices in the domestic sector would hardly be relevant in any effort to deflate the expenditure incurred primarily outside the countries concerned. There is, however, little doubt about the increase in real terms.

To a certain extent, the growth in the expenditure on general administration is out of proportion to the growth in functions. The main constituent of the rise in such spending has been the wage bill in public services. The rates of emoluments in the

²⁴ United Nations, *Community Development and Economic Development*, (December 1960), Part I, page 7.

²⁵ Mainland China's expenditures are perhaps understated. See footnote e of table 28 on page 79.

Table 30. ECAFE Countries: Expenditure Allocated to the Ministries of External or Foreign Affairs in 1958

Country	Index: 1950 = 100
Burma	240
Ceylon	334
China: Taiwan	184 ^a
India	205 ^b
Indonesia	252 ^c
Pakistan	266 ^b
Philippines	167

Source: See the explanatory note, page 63.

^a 1957 in relation to 1953.

^b Only current expenditure.

^c 1952 = 100.

Table 31. ECAFE Countries: Indices of the Number of Judgments Given in Courts, the Expenditure Incurred and Cost of Living in 1958 (1950=100)

Country	Number of judgments given	Expenditure on justice and police	Cost of living
Ceylon	103	200	108
China: Taiwan ^a	110	266	133
Federation of Malaya . . . . .	...	184	117
India ^b	116	143	95
Pakistan . . . . .	...	323	129
Philippines . . . . .	...	172	103
Singapore . . . . .	...	300	117

Source: See the explanatory note, page 63.

^a 1957 in relation to 1953.

^b 1955.

civil service have perhaps not gone up in real terms anywhere except in Ceylon; it may be that numbers have swollen in accordance with Parkinson's law, by which administration continues to grow on its own irrespective of the functions to be performed. Work is created to provide employment to new entrants and promotions to those already in. The "law" appears to be operating in this part of the world as anywhere else.

Defence outlays, being limited to governments, indicate the full national allocation of resources to that purpose. Table 32 accordingly presents defence expenditures both in relation to total government expenditure and to national product. The year-to-year fluctuations in the proportion to national product need not be exclusively attributed to changing policies; it may be that the national product is fluctuating more sharply in response to the changes in conditions affecting production or exports.

The trend in defence expenditure, on the whole, has been uneven. The whole postwar period has been one in which several countries of the ECAFE area have been afflicted with the necessity of spending a considerable proportion of their resources on military outlays. One factor making for such outlays is the full assumption of defence responsibility by the national governments from the metropolitan countries, particularly in Cambodia, Ceylon, the Federation of Malaya, Laos, Singapore and southern Viet-Nam. The countries have also come to feel relatively more insecure with regard to their borders. Since the Second World War ended, several countries of the region have actually been involved in war operations in Korea and Viet-Nam. India and Pakistan were also involved in limited armed conflict in the late 'forties. Parallel to the wars across or over the borders were the wars within them. Civil wars or internal rebellions at one time or the other have afflicted Burma, China, the Federation of Malaya, Indonesia and the Philippines. Even when military operations were concluded, the conflicts were not fully resolved, and the countries have been keeping their military expenditure at a fairly high level.

The general feeling of insecurity has led several countries of the region to participate in joint defence arrangements with other nations. The statistics of military assistance received are not generally available. It is difficult, too, to ascertain whether such assistance has reduced the burden of national defence, or increased it by requiring matching local spending or follow-up outlays. It is impossible to predict whether governments would or would not have undertaken their defence commitments of the magnitude they did if foreign assistance were not available. If we can presume that they would have done so in any case, then foreign military assistance clearly released resources for other purposes, including the general improvement of the levels of living in the countries concerned. Laos provides the extreme example where defence expenditure, financed primarily by foreign assistance, has taken a negligible share of the government budget. Foreign military aid spending was also of some economic value to the receiving countries; road improvement in Thailand is a case in point. On the other hand, it is possible that countries may have increased the allocation of domestic resources to defence in attempting to match their own spending with foreign military assistance. Countries not accepting such assistance may have also been tempted to keep up with their neighbours in the defence field by ordering the latest military equipment involving heavy obsolescence and by paying for it in valuable foreign exchange. It is difficult to disentangle from the mere budget figures of national outlays on defence—whether rising or falling—the varying estimations of defence needs

Table 32. ECAFE Countries: National Expenditure on Defence, 1950-1958

Country	1950	1951	1952	1953	1954	1955	1956	1957	1958
<i>Per cent of total government expenditure</i>									
Burma	24	26	29	32	29	26	27	28	28
Cambodia*	24	30	35	63	45	35	28	25	
Ceylon	1	1	3	3	3	3	2	5	
China: mainland ^b	42	43	26	26	24	24	20	19	12
Taiwan	42	33	32	38	37	36	34	35	
Federation of Malaya	2	24	25	23	21	18	15	16	16
India	20	20	19	19	17	14	13	15	13
Indonesia	16	19	18	16	13	14	15	20	
Japan	12	9	9	8	7	7	7	7	7
Korea, southern . . . . .	...	...	48	44	38	37	30	30	
Laos ^c . . . . .	...	...	3	5	3	4	...	...
Pakistan	39	36	32	29	26	37	31	18	20
Philippines	15	19	20	18	17	16	14	14	15
Thailand	13	15	19	18	18	15	14	22	21
Viet-Nam ^{e, d} . . . . .	...	...	69	71	79	73	...	45	...
<i>Per cent of gross national product</i>									
Burma	3.8	3.7	5.0	6.2	8.3	6.9	6.9	6.8	7.7
Cambodia* . . . . .	...	2.8	4.2	4.7	13.5	8.8	4.4	4.0	...
Ceylon	0.2	0.2	0.3	0.6	0.6	0.5	0.6	0.6	1.1
China: mainland ^{b, f}	6.7	10.2	7.2	8.2	7.9	8.3	6.9	5.9	4.0
Taiwan . . . . .	...	10.7	9.0	8.7	10.0	10.0	9.9	10.1	11.5
Federation of Malaya . . . . .	...	...	...	...	...	3.3	2.9	3.1	...
India ^e	1.9	1.9	1.9	2.1	1.9	1.9	2.4	2.1	
Indonesia . . . . .	...	5.0	3.7	4.5	3.8	3.2	3.0	3.6	6.2
Japan	2.8	2.1	2.2	2.3	2.2	1.8	1.6	1.8	1.7
Korea, southern . . . . .	...	...	...	6.4	7.5	5.8	5.4	6.7	7.3
Pakistan ^{d, e}	3.8	4.7	5.2	3.5	3.1	3.9	3.4	2.8	3.1
Philippines	1.7	2.1	2.3	2.0	1.9	1.8	1.7	1.7	1.7
Thailand	1.4	2.0	2.9	2.9	3.1	2.0	1.9	3.6	2.9

Note: Defence expenditure excludes the volume of foreign assistance on which data are not available. See also the explanatory note, page 63.

* See footnote a of table 22 on page 67.

^b See footnote c of table 28 on page 79.

^c Budget estimates.

^d Only southern Viet-Nam from 1956 on; including outlays financed by foreign aid.

^e Net national product.

^f See footnote b of table 17 on page 56.

made from time to time by governments and of the reductions or spurts which were induced by the availability of foreign assistance to them or to their neighbours. Nor is it possible to assess the magnitude of the economic gains which were secured as by-products of military outlays. The fall in the proportion of defence to total government expenditure in some of the countries may only mean that a decreased share was borne by the domestic government *vis-à-vis* foreign aid. Similarly, the decline in the share of defence expenditure in mainland China, in recent years, is apparently the counterpart of the expansion of the government budget resulting from increasing governmental control over the economy. Moreover, a portion of the expenditure on heavy industry is of military significance. The fall is more moderate in relation to the national product; the significant decline in 1958 is again the statistical

corollary of the sharp rise in national income from the "Great Leap Forward" of that year. The rise in Indonesia in 1958 could be explained by the rebellion. Still, on the whole, the rising trend in the proportion of resources devoted to defence outlays seems to have been arrested; the proportion seems to have been stabilized in a number of countries at or around the ratios reached in 1955-1956. Although it is an improvement over the previous situation this is not altogether satisfactory. The implication remains that these governments have been forced to increase the volume of their resources devoted to defence in the same proportion as they have increased their outlays on social and economic development. They have not found it possible to allocate a progressively larger proportion of their increasing total expenditure to purposes more creative of human happiness and welfare.

Chapter 6

GOVERNMENT REVENUE

The revenue systems in most countries are built up haphazard. In ECAFE countries, they show the influence of historical accidents, emulation of the tax systems of metropolitan or other advanced countries, and the *ad hoc* responses to the specific situations encountered. However, the criteria by which they were supposed to be judged—such as the Smithian canons of taxation—have themselves undergone a drastic change in the last twenty or thirty years. Many countries have effected considerable changes in their revenue systems to make them more serviceable for the tasks of fiscal policy outlined in chapter 4. They have attempted to use them to increase the long-term ratio of national non-consumption to income, to influence the balance of payments, to channel resources into the public sector so as to give greater control over their utilization, to counteract short-term fluctuations in economic activity and to reduce the large—and may be growing—inequalities of income and wealth. This chapter reviews the salient characteristics of the existing revenue systems in the ECAFE countries, assesses their merits and limitations, and explores the means of enhancing their effectiveness in realizing these objectives. The impact of revenue policies, however, should be evaluated not in isolation, but in conjunction with the expenditure policies reviewed in chapter 5.

THE VOLUME OF GOVERNMENT REVENUE

Undoubtedly, government revenue in the countries of the region grew in volume between 1951 and 1958 (see table 21 on page 67). The only exception has been Indonesia, where internal disturbances have seriously affected revenue collection by the government; revenue appears to have fallen in real terms. The growth of revenue elsewhere has, in a majority of cases, been smaller than that in expenditure. Among the few cases where revenue has grown in the same or greater measure than expenditure, the latter continues to be in excess of revenue.

Only a few countries, such as Burma, Ceylon, China (mainland and Taiwan), the Federation of Malaya and Japan obtain one-sixth or more of their national product in revenue (see table 33). The proportion is relatively smaller for Japan than for the advanced industrial countries of North America or western Europe. There is considerable disparity even among the poor and newly developing countries. Whereas mainland China raises one-third, and Burma, Ceylon, China: Taiwan and the Federation of Malaya between one-sixth and a quarter of national income in revenue, the proportion for the rest remains between only 11 and 13 per cent of the national

Table 33. ECAFE Countries: Government Revenue, 1950-1958
(Per cent of gross national product)

Country	1950	1951	1952	1953	1954	1955	1956	1957	1958
Burma	17	15	17	17	22	23	15	20	19
Cambodia ^a		11	14	11	14	13	12	12	...
Ceylon	15	19	21	20	21	21	25	24	23
China: mainland ^{b, d}	15	26	29	31	36	35	32	33	33
Taiwan		18	20	17	19	19	20	20	22
Federation of Malaya ^c	12	14	16	15	...	17	18	17	...
India ^d	8	9	8	8	9	10	10	11	11
Indonesia . . . . .	...	16	15	16	12	12	13	12	13
Japan	23	22	22	22	22	20	21	22	22
Korea, southern				7	9	8	8	11	13
Pakistan ^d	11	13	11	10	8	9	9	10	11
Philippines	8	10	11	10	11	11	10	11	11
Thailand	9	10	11	12	13	11	12	12	12

Source: See the explanatory note, page 63.

^a Revised estimate for 1952 and budget estimates for 1953-1957.

^b See footnote b of table 17 on page 56.

^c Including Singapore up to 1953.

^d Net national product.

income. Of course, each country has its own specific advantages and problems; even so, countries with similar types of economy such as Burma and Thailand or Ceylon and the Federation of Malaya show considerable disparity in the revenue they raise. Despite India's progress in other directions, its fiscal system has remained under-developed to the extent that the country ranks among the lowest in terms of the percentage of revenue collected to its national income.

The percentage of national product obtained by governments as revenue has, on the whole, increased, although the increase in percentage is much less striking than the increase in the volume of revenues. However, both in magnitude and in growth, the results of the efforts made by governments to transfer to themselves resources to defray their commitments have lagged behind the increase in these commitments. This is not to maintain that revenue ought to strike a balance with expenditure. If government revenue does not rise *pari passu* with government expenditure, the difference has to be made up by a correspondingly greater rise in private saving than in private investment. Such a rise was obtained, in fact, through 'forced' saving as is reflected in the rise in levels of prices and cost of living for all countries except the Philippines, as shown in table 21.¹ The relative impact of government deficits on domestic price levels, and the measures through which the rise in them was sought to be contained, will be discussed more fully in chapter 7.

In Japan, the share of government revenue to total national income has remained remarkably stable. This development is the outcome of two offsetting influences. On the one hand, the Japanese Government has pursued a policy of containment of the public sector from direct participation in the functioning of the national economy. On the other hand, for various reasons, it has not succeeded in curbing expenditure, which has been claiming an increased share of the national product.² In the field of revenue, however, the Government has been periodically lowering taxes on personal incomes and corporate profits as inducements to the private sector to increase investment and exports. Despite these measures, revenue has risen with the continued prosperity of the Japanese economy; some of the commodity taxes on consumption goods have brought in significant amounts.

The sharpest rise in government revenue in relation to the national product took place in mainland China. For a time, considerable revenues were

obtained by the new Government from confiscation of domestic and foreign private assets, collection of back taxes and imposition of fines for tax evasion. But, as time went on, the socialization of private industrial and commercial enterprises, reviewed in chapter 5, became the more important element. Between 1951 and 1959, total revenue grew more than fourfold, whereas, according to official indices, "prices" remained stable; the share of profits from state enterprises in total revenue increased from 24 to 61 per cent. While the volume of agricultural taxes and industrial and commercial taxes has grown, their share has fallen. These taxes are also payable by state enterprises and by the communes. The payments made by state enterprises for taxes, together with the profits transferred to revenue, raised the total contribution of these enterprises from 49 per cent of government revenue in 1951 to 92 per cent in 1959.³ Obviously, the state derives most of the revenues required directly from its control over the productive apparatus; it has to raise revenue from "other sources" to the tune of only about 8 per cent of non-consumption or non-saleable output, or 4 per cent of consumption or saleable output. No wonder that despite the sharp increase in non-consumption output, the price level in mainland China has remained stable since 1951; however, the stability is unimportant from an economic standpoint. The question of price stability is quite different in a centrally planned economy; prices are so administered as to equate money incomes with consumption or saleable output. Price stability becomes a problem only if saleable output is to be reduced. If, however, total output is increasing, an ever-larger slice of the increase can be taken out as non-saleable output without causing undue concern as to the consequences of monetary demand on the price level.

While, on the one hand, Japan has sought to contain the expansion of the public sector and, on the other hand, mainland China has gone all the way in the opposite direction, the rest of the countries of the region—all of them private enterprise economies in varying stages of under-development—have grappled in the middle ground with the problems of raising the percentage of national income collected for government revenue. Indonesia has not succeeded. The progress in many other countries has remained unimpressive. There has been some increase in the percentage of revenue to national income, but the figures in table 33 give a picture of relative stagnation after initial spurts rather than one of a continuing growth.

¹ It may be noted that, owing to the Korean war, the base year 1950 was itself a year of high prices in several of the countries listed in table 21.

² See United Nations, *Economic Bulletin For Asia and the Far East*, September 1960, p. 29.

³ Po I-po (the then Finance Minister of the Central People's Government): "Report on the 1953 Budget" *Ta Kung Pao* (Hong Kong), 18 February 1953; Li Hsien-nien (the present Finance Minister): "Report on 1959 State Accounts and 1960 State Budget", *Peking Review*, 5 April 1960.

Table 34. Mainland China: Government Revenue and its Composition, 1950-1959

Year	Total revenue	Wholesale prices	Composition of government revenue (Per cent of total revenue)				
	Indices: 1950 = 100		Industrial and commercial taxes	Agricultural tax	Other taxes	Profit of state enterprises and services	Other
1950	100	100.0	...	29	...	13	12
1951	199	117.9	...	...	...	24	14
1952	269	118.1	35	15	5	33	12
1953	334	116.6	38	12	5	35	10
1954	402	117.1	34	12	4	38	12
1955	417	117.8	32	11	4	41	12
1956	441	117.2	35	10	4	47	4
1957	476	118.3	36	10	4	46	4
1958	642	118.3	34	8	3	52	3
1959	831	...	29	6	3	61	1

Sources: *Ten Great Years*, Peking, 1960. *Tung Chi Kung T'ao (Statistical Bulletin)*, 29 June 1957. *Tsai Cheng (Public Finance)*, 5 August 1957. Li Hsien-nien (Finance Minister): "Report on the Final State Accounts for 1958 and the Draft State Budget for 1959", *Peking Review*, 29 April 1959; "Report on the Final State Accounts for 1959 and the Draft State Budget for 1960", *Peking Review*, 5 April 1960; "China's Great Financial Achievements During the Past Ten Years", *Peking Review*, 24 November 1959. Shen Ping: "Industrial and Commercial Taxation in Recent Ten Years" and Li Shu-teh: "Agricultural Taxation in Recent Ten Years", both in *Great Financial Achievements of the People's Republic of China in the Past Ten Years*, Peking, 1959. *State Statistical Bureau's Communiqué on the Fulfilment of the 1955 Economic Development Plan*, Statistical Press, Peking, 1956. Shang Ping: "Prices and People's Living Standard in China", *Ta Kung Pao*, Hong Kong, 1 October 1958.

This stagnation gives some cause for concern. How is it that the newly developing private enterprise economies of Asia find it difficult to obtain progressively larger slices of their increased incomes for non-consumption, even assuming that voluntary private saving has risen *pari passu* with government revenue? Mainland China has tackled the problem through physical control over the entire productive process. Can the private enterprise economies, within the political range of possibilities open to them, adapt their fiscal systems and monetary institutions in such a way as to improve the present proportion of non-consumption to national income? Even with their built-in flexibility and progression, existing income taxes have not contributed to any material extent to raising the proportion of national income taken in revenue. How can the fiscal systems be adapted to make them more progressive in relation to national income? Any attempt to answer the question immediately raises the query as to how the rise in national income gets distributed. Information on the subject is meagre and inadequate. India has begun a fresh search for sources of additional tax revenue by launching an inquiry to ascertain who benefited from the growth in national income during its first two five-year plans and the spending and saving patterns of the beneficiaries. Pending the availability of more dependable information, an attempt is made in the following pages to review, in the light of easily accessible material, the revenue

structure of the ECAFE countries, not only in respect of its past and present functioning but also of its potentialities for adaptation to the prime task which the governments of the countries have set for it, viz. that of raising the ratio of non-consumption in order to secure a high rate of economic growth under conditions of long-term stability.

TAXES ON FOREIGN TRADE

With the exception of Japan and the "free" ports of Hong Kong and Singapore,⁴ almost all countries of the region depend to a substantial extent for their revenue on taxation of imports, exports or foreign exchange and on profits of export monopolies or monopolistic distribution of imported items. Foreign trade is the predominant provider, accounting for about two-fifths of total revenue or more in Afghanistan, Brunei,⁵ Burma, Ceylon, the Federation of Malaya, Indonesia, Iran, Laos, North Borneo, Sarawak and Thailand. Although, generally, total revenue is growing, the share of revenue from taxes on foreign trade and payments is falling in several countries.

⁴ The ports are really not "free" for all commodities; excise taxes on gasoline, liquor and tobacco, for instance, are collected at the customs shed.

⁵ See footnote 14 on page 92.

Table 35. ECAFE Countries: The Components of Government Revenue
(Per cent of total revenue)

Country	Year	Taxes on foreign trade			Taxes on internal transactions			Taxes on income and wealth			Profits of government enterprises	Other revenue ^b
		Import taxes	Export taxes	Other taxes ^a	Excise and sales taxes	Fiscal monopolies	Other taxes	Taxes on persons	Taxes on companies	Land		
Afghanistan	1951	—	39	—	—	21	—	18	—	12	10	*
	1956	—	39	—	11	2	—	16	—	3	3	26
Brunei	1951	3	1	35	—	—	—	—	58	—	—	3
	1958	3	—	30	—	—	—	—	46	—	1	20
Burma	1950	22	3	33	11	—	2	10	—	2	—	17
	1958	28	3	10	18	—	3	23	—	2	1	12
Cambodia	1952 ^d	—	41 ^e	—	18	—	10	9	—	3	—	19
	1958 ^f	24	2	4	29	—	20	6	—	1	—	14
Ceylon	1950	31	27	—	7	—	4	13	7	—	—	11
	1958	25	28	—	8	—	5	14	9	—	1	10
China: Taiwan . . .	1951	17	—	*	5	8	30	8	7	1	15	9
	1958	14	—	*	9	16	30	4	6	—	10	11
Federation of Malaya .	1950	33	34	—	3	—	6	11	—	—	1	12
	1958	36	17	—	3	—	7	16	—	—	4	17
Hong Kong	1950	—	—	—	30	—	8	10	17	—	7	29
	1958	—	—	—	23	—	7	15	21	—	5	29
India	1950	16	10	—	27	—	3	17	5	6	5	12
	1958	8	2	—	40	—	3	14	4	7	5	17
Indonesia	1951	14	13	40	12	—	3	9	6	—	1	2
	1958	8	1	34	23	—	2	12	10	—	1	9
Iran	1949 ^g	—	21	12	34	—	—	15	—	—	18	—
	1958 ^d	—	23	53	7	—	—	10	—	—	5	2
Japan	1950	—	—	—	20	17	2	35	13	—	13	—
	1958	—	4	—	31	10	1	22	25	—	7	—
Korea, southern . . .	1949	—	6	—	17	18	1	8	14	28	—	8
	1958	—	12	7	21	10	4	9	7	10	4	16
Laos	1951 ^f	—	68	—	6	—	7	15	—	—	—	4
	1958 ^f	—	53	—	28	—	3	9	—	1	4	2
Nepal	1952 ^f	—	31	—	2	—	5	—	—	42	6	14
	1958 ^d	—	37	—	8	—	6	—	—	24	14	11
North Borneo	1950	40	27	—	—	—	3	1	4	—	8	17
	1958	35	18	—	1	—	4	1	9	—	2	30
Pakistan	1950	—	48	—	14	—	7	6	1	3	2	19
	1957	—	20	—	22	—	2	10	3	9	5	29
Philippines	1950	16	—	—	51	—	2	19	—	—	—	11
	1958	26	—	—	33	—	3	8	10	—	—	20
Sarawak	1950	26	50	—	2	—	5	—	—	—	—	17
	1958	30	16	—	2	—	6	—	22	—	—	24
Singapore	1950	—	—	—	46	—	6	26	—	—	8	14
	1958	—	—	—	42	—	8	28	—	—	7	15
Thailand	1950	27	8	7	13	12	9	7	—	—	11 ^{h, i}	6
	1958	29	5	15	21	7	7	7	—	—	4 ⁱ	5
Viet-Nam, southern . .	1952 ^f	55	2	—	22	—	3	—	—	1	17	—
	1958 ^f	—	23	—	50	—	7	7	—	2	3	8

Source: See the explanatory note, page 63.

* Brunei: royalties from oil; Burma: contributions from the state-managed boards; Cambodia: fees on entries and exits; Indonesia: taxes on foreign exchange; Iran: 1949/50: oil revenue; 1958/59: oil revenue and monopoly profits; southern Korea: taxes on foreign exchange; Thailand: rice premium and profits of the Rice Bureau.

^b Charges and fees for services, royalties and rents and other income from property, income from land sales, interest received, etc.

^c Included under taxes on internal transactions.

^d Revised estimates or provisional results.

^e Including some receipts from excise and turnover taxes.

^f Budget estimates.

^g Included under "other" taxes on internal transactions and profits of government enterprises.

^h Including gross receipts of railways.

ⁱ Including gross receipts of posts and telegraphs and electricity departments.

The attempt by the governments of the countries of the region to restrict the use of foreign exchange only to essential needs has resulted in the curtailing of all imports except those of consumer necessities and of producer goods; both these items are admitted either duty free or with low duty. Imports of all other items are restricted either through import controls or by steep taxes in countries relying on fiscal methods to cut imports. Protective tariffs also restrict imports of goods competing with domestic production. In fact, in many newly developing countries of the region, economic growth is based on a policy of import substitution of consumer goods, causing restrictions to be placed on the imports of several revenue-yielding items such as textiles.

Quite apart from saving foreign exchange and protecting domestic industries, tax rates on relatively less essential consumer imports went up as part of the general attempt to restrict consumer spending and to introduce the principle of progression in the field of indirect taxes. Either the consumer, particularly the rich consumer, stopped spending money on imported amenities or luxuries altogether or else he paid high taxes to the government. However, since the demand for many of these goods, except perhaps for motor-cars,⁶ is highly price sensitive, the revenues either fell or increased only slightly; restrictive effects were more substantial; to that extent, the government was helped in its attempt to improve the balance of payments position. The outlet of import spending having been plugged, problems arose elsewhere. The incomes which would have been spent on paying for imports and for taxes on imports were left in the hands of consumers for spending on domestically produced goods or for saving. The marginal propensity to save, however, has remained small; the reduction of spending on imports only intensified the bidding for the domestic supply of goods and services. In other words, while the balance of payments position improved, domestic inflationary forces were strengthened.

Several countries of the region also attempted to explore the revenue potentialities of the export trade in primary products. This they have done by means of export duties, by penalty exchange rates on export commodities, or by a government monopoly of export marketing. On an average, taking good and bad years together, revenue collected from all types of taxes on exports formed roughly over a half of the total revenue in Iran, over a third in Indonesia, between a third and a quarter in Burma, Ceylon, the Federation of Malaya and Sarawak, and about

a fifth in North Borneo and Thailand. The proportions, although lower, were still of some significance in China: Taiwan, India and Pakistan.

The revenue from exports is a function of the trade in the primary products of the region, which reveals two special features in the period since the end of the Korean war. First, on the whole, the demand grew only slowly; petroleum is the only notable exception. The supply situation was also far from satisfactory. War damage, unsettled conditions and growing internal demand for food and for raw materials slowed down the increase in export availabilities. The second special feature of the export trade in primary products of the ECAFE countries was its tendency to experience sharp fluctuations in volume and prices. The fluctuations were caused on the supply side by domestic factors, and on the demand side by booms or recessions in the primary importing industrial countries.⁷

The revenue from exports, therefore, has been subject to large fluctuations. In fact, the secondary effects of a change in export conditions influence revenues from other sources as well. Thus, for instance, when the demand for exports is strong, increased export earnings lead to larger imports. Even import controls tend to be relaxed during an export boom, leading to a more than proportionate rise in revenue from import taxes. Export prosperity is also reflected, in course of time, in increased revenue from income taxes and excise and sales taxes.

As a consequence, the revenue system, on the whole, has shown a high and progressive correlation with the movements of foreign trade. And this is a possible explanation for the lack of progressivity of the revenue system in relation to national income. It is predominantly dependent on taxation of foreign trade, and reflects, in large measure, the weakness of the region's primary export trade in world markets since the end of the Korean war.

Export taxes have, however, achieved considerable importance as anti-inflationary devices. During the period when export demand for their primary products was extraordinarily strong, the governments of several countries of the region raised the tax rates in order to siphon off excess purchasing power to themselves rather than allow it to go to the private sector and set up an additional demand for locally produced goods and services or imports. The countries used both sliding-scale duties or specific taxes the rates of which were changed by administrative action from time to time. The variation in rates permitted the duties to be lowered when export markets were sluggish. However, as anti-deflationary

⁶ The demand for motor-cars appears to be less price elastic than one would tend to think; possession of a car has become a status symbol. For the higher priced cars, imports of which have been restricted in several countries, fantastically high prices are reported to have been offered for the few that are available.

⁷ See United Nations, *Economic Survey of Asia and the Far East 1959*, chapter 4.

devices, export taxes are not equally suitable. The taxes when lowered still act as a drag on exports; at the most, they could be abolished. Very few countries went further and granted export subsidies. The rare instances are the price support measures for jute and cotton in Pakistan, and for copra, sugar and other "weak" commodities in Indonesia.

Several methods, other than straightforward taxation, were tried by countries of the region, which had the effect of taxing (or subsidizing) imports, exports or exchange transactions. Most of the measures were devised to serve several purposes, among which conserving the balance of payments and preserving domestic stability were the principal ones. Considerations of increasing revenue were often of minor relevance in the initiation and implementation of these measures.

An important device for insulating the economy from export fluctuations was the export marketing mechanism adopted in Burma and Thailand in respect of rice, in China: Taiwan in respect of sugar, and in Indonesia in respect of copra. Since these items, in the countries concerned, are of importance to the community as food items in the consumer budget and as sources of producer incomes, the governments sought to maintain domestic price stability by establishing monopoly procurement and insulating the economy from the sharp fluctuations in their prices in export markets. The experiment with rice marketing secured substantial revenues to the Governments of Burma and Thailand, since world prices of rice remained well above the domestic prices paid to the rice growers.

The revenue collected from exports in Burma reached its peak between 1952/53 and 1954/55 when it provided about half of the total revenue. The State Agricultural Marketing Board in Burma (SAMB), which has a monopoly of rice exports, made a direct purchase of paddy from the producers, or rice from the mills, at a price which remained unchanged from 1948 to 1955/56. As the export price of rice went on rising, the profits of the SAMB rose from about 28 per cent of the export price of rice in 1947/48 to 47 per cent in 1952/53. Since then, it has fallen, resulting in lower profits for the SAMB per ton of rice exported. The SAMB pays income taxes on its profits and makes an additional direct contribution to government revenue from the balance.

The rice marketing monopoly in Thailand was less strict than in Burma. Thailand, unlike Burma, used a combination of multiple exchange rates, flexible export duties, and exports on government account. The procurement operations of the Government's Rice Bureau were not as effective as in Burma;

in order to induce deliveries, the Government began giving up the monopoly; it allowed a certain proportion of private exports of rice if the exporter delivered the balance to the Rice Bureau. The private exporter was also allowed to retain and sell on the free market the foreign exchange earned on his export volume to the extent that the prices received by him were higher than the government-to-government contract prices. On the other hand, a charge—the so-called premium—was made when the private exporter obtained his export licence. In other words, the system contained government procurement and sale at profit, private exporter procurement and sale at two rates of profit—one consisting of the difference between his cost and the government-to-government contract price converted in baht at official exchange rates, and the other of the difference between his sale price and the government-to-government contract price converted at free market exchange rates—and a system of export duties on private exports. The Government relinquished its rice monopoly in 1955, and the trade was turned over entirely to private merchants under a system of export licensing. The domestic price of rice has since risen; government revenues have fallen.

Similarly the copra monopoly of Indonesia fell through on grounds of procurement difficulties. Unlike the rice monopolies, the Copra Fund of Indonesia operated at a loss during periods, such as 1948-1949, when world copra prices fell below the prices paid to domestic producers. It appears that the Fund encountered difficulties at both ends. When the export prices were above domestic prices, the Fund could not procure supplies; when export prices were below the Fund's prices, it incurred large losses. The Fund was replaced by a purely marketing co-operative in 1957.

The sugar marketing monopoly of China: Taiwan was caught in the problem of maintaining a parity between sugar and rice prices, which put it in a financial squeeze, during 1952-1953 prior to the establishment of the International Sugar Agreement in 1954.

The cotton and jute price support schemes in Pakistan during the post-Korean-war slump were purely anti-deflationary measures. Faced with an adverse export situation which led to a fall in domestic prices below an established "floor" price, government agencies offered to buy up unlimited quantities at the "floor" prices in an effort to safeguard growers and traders against further declines.⁸ The operation of these schemes posed problems of financial losses and surplus disposals to the Cotton and Jute Boards

⁸ This is quite similar to the government purchases of raw cotton in the United States.

of Pakistan. The scheme was first converted into a direct export subsidy scheme, by the Government offering not to buy up but only to make good the difference between the price received by the private exporter and the government floor price. Price supports were finally abolished in August 1952.

The governments of the region have also practised exchange rate manipulation, primarily in order to improve their balance of payments position although they have earned profits in the process. The most important among the countries obtaining revenue from taxes on foreign exchange have been Indonesia and the Philippines. The Philippines, from 1951 to 1956, had a straightforward 25 per cent tax on foreign exchange supplied by the Government. It was, in fact, an import tax, going beyond the taxation of merchandise imports to cover "invisibles". The multiple exchange rates of Indonesia, Thailand and China: Taiwan formed a system of taxes and subsidies and covered both imports and exports.

The system of multiple exchange rates in Indonesia is fairly complicated and has gone through many changes. During the two years from March 1950 to February 1952, when the exchange certificates system was in operation, the effective rupiah value of a unit of foreign exchange earned from export, say the United States dollar, was kept at about one-third of the rupiah value of the dollar provided for imports. With the decline in traditional exports, the rupiah value of the export dollar was effectively raised to correspond to the value of the import dollar; a series of new export duties was imposed, with differential rates on "medium-strong" and "strong" exports, in addition to the "basic" export duties in force at the time. Several other devices, all rather ineffective,⁹ were tried between 1953 and 1956. In mid-1957, the export promotion certificates system was introduced, again setting up a sharp disparity between the rupiah values of the dollar in export and import trade. Under the export certificates system, all foreign exchange surrendered was made subject to an exchange tax of 20 per cent, and, on the exchange provided, the requirements were classified into six categories with progressively increasing surcharges. According to the 1959 changes, a dollar turned over to the Government fetched 36 rupiahs (that is, Rp 45, the official rate, minus 20 per cent exchange tax). The rate charged by the Government for providing the dollar varied from 45 to 135 rupiahs (that is, the official rate plus surcharges up to 200 per cent) depending upon the purpose for which the foreign exchange purchase

was made.¹⁰ The taxation of foreign exchange has provided Indonesia with its major source of revenue; in 1958, it yielded 34 per cent of total revenue, in addition to the contribution made by import and export duties.

The profits made from foreign exchange in Thailand, during the period 1947-1954, when the official exchange rate applied to rice exports was about 40 per cent less than the free market rate, were credited to an exchange stabilization fund in the Bank of Thailand, and not to government revenue. The latter received only the profits of the Rice Bureau and export premiums on private rice exports. Since only a part of the exchange earned for rubber and tin exports had to be surrendered, the effective rate on these commodities was less unfavourable than that on rice exports. During the period 1950-1954, the profits accruing to the Bank of Thailand from foreign exchange transactions were of a magnitude of about 15 per cent of total government receipts, whereas government revenues from export taxation came to only 8 per cent of the total. As the markets for Thailand's export products turned soft, the multiple exchange rates were abolished in 1955 in favour of export duties which were adjusted to yield increased revenues.

In China: Taiwan, the profits from foreign exchange transactions also went to the Bank of Taiwan, although these profits were brought over to government revenue. The profits accrued from the disparity between the official rate at which the exchange earned from sugar and rice exports was purchased by the Bank and the rate it charged in providing foreign exchange for imports. The brunt was, however, borne by the Government's sugar monopoly which had to turn over all foreign exchange earned by it to the Bank of Taiwan at the official rates. The sugar monopoly, unlike the rice monopolies of Burma and Thailand, ran into financial difficulties.

Oil exploitation and exports, on the other hand, have provided high and sustained revenues to Iran (except for the period of its dispute over the nationalization of the British-owned petroleum company), Indonesia and Brunei. The latter two derive their revenue from oil in the form of royalties on crude oil and a tax on the profits of the oil companies. Indonesia also levies export taxes on oil. The system in Iran is more complicated. According to the

⁹ Except, perhaps the import pre-payments and the tax on importers, see page 109.

¹⁰ In 1960, the exchange tax was abolished. The value of the export dollar thus rose from 36 to 45 rupiahs. The sixfold classification of imports was reduced to only two categories—"essentials" and "less essentials". The first category was divided into three groups with no surcharge, with 25 per cent surcharge and with 60 per cent surcharge. The "less essentials" were subject to a special rate of exchange, initially fixed at 200 rupiahs to a dollar. Tariffs, on exports as well as imports, were also revised. (For details see *supra*, p. 49.)

agreement reached in 1954 between the Iranian Government, the National Iranian Oil Company (NIOC) and a group of international oil companies known as the Consortium, the latter pay to the Government and the National Iranian Oil Company one-half of the difference between the posted price of the oil taken by the Consortium and the cost of production of crude oil. The payment is made to the oil company in the form of crude oil, or its value at posted prices, up to about one-eighth of the payment due; the balance is paid to the Government as income tax. The NIOC also receives one-third, and the Government two-thirds, of the tax on refinery operations. The NIOC in its own turn has to turn over to the Government any surplus left from its share after meeting expenses which are subject to government scrutiny. In the period since 1955 oil revenues have come to well over one-half of the total receipts of the Iranian Treasury.

How does taxation on foreign trade stand with respect to providing growth of revenue? Undoubtedly, as disincentives to dissipation of foreign exchange or as counter-measures to cyclical fluctuations, the various measures described here have indeed been helpful. Their significance is more limited for the long-term problem of increasing government revenue. Given a policy of economic development, the high-revenue-yielding imports of amenities and luxuries will continue to be curtailed drastically; permitted imports of basic necessities and producer goods could be highly taxed but, in general, it may not be desirable to do so. Export markets have, in the long run, turned soft; the revenue potential from export taxation is not high. In 1960, even crude oil prices had come down.¹¹ The rice producers who did well for nearly a decade after the war have been, for some time, finding difficulties in selling rice; an increased volume is disposed of only at lower prices. Other commodities are in a still more vulnerable position. In any case, exports will remain, to a large extent, subject to demand conditions beyond the control of the exporting countries; revenue from this source can be counted upon to be neither growing nor dependable. Export monopolies and multiple exchange rates have also lost their steam; only in Burma and Indonesia do they remain of some consequence.

Even apart from the question of yields, taxation of exports is rather indiscriminate in its impact on producers—the small in relation to the large and the efficient in relation to the inefficient. It is, of course, administratively convenient, which is a great merit; it has, on the other hand, drawbacks as regards

incentives and equity. In the long run, the problem of finding a solution which will make the revenue system more progressive in relation to national income—one which will increase the incremental output-revenue ratio—will have to be tackled by reducing the present preponderant dependence of the fiscal system on foreign trade and by giving it a re-orientation.

TAXES ON INTERNAL TRANSACTIONS

Internal taxation of commodities and services, in the postwar period, was increased in several countries of the region to serve three main purposes: raising of revenue, curtailment of consumption (especially of luxuries), and saving on imports. The general principle in commodity or service taxes for raising revenue is that they should be levied on commodities or services with a low price-elasticity and high income-elasticity of demand. The low price-elasticity would secure a more than proportionate increase in revenues when prices are raised; the high income-elasticity would do so as incomes increase. The attempt to increase revenue from taxation of commodities, to some extent, caused price rises on a broad general front, but the main objective has been the withdrawal of spending power from the private sector in an effort to control inflationary pressures. If the increase in government expenditure was not in its turn induced by increased revenues, the transfer from the private sector to the government would at first raise the prices of goods taxed but would prevent the initial rise from spinning into a spiral of spending, higher incomes and more spending.

The possibility of practising differential taxation makes commodity taxation secure both a restriction of consumption of inessential items and a diversion of productive resources from taxed goods to other goods. The generally practised methods of taxing luxuries and exempting capital goods are attempts in this direction. The success in this field depends again on the elasticities of demand and supply. A greater elasticity in both would secure a more effective restriction of consumption and a diversion of production from the commodity taxed. It would follow, therefore, that the items which are big revenue yielders are not the ones which would effectively restrict consumption; on the other hand, the items which are responsive in this direction would not be revenue-yielding.

The third purpose, viz., that of restriction of imports, is attained directly through import taxes. Here again, if the duties are really successful, revenue yields are small. Some of the import taxes, in countries where there is some domestic production of items similar to imports, are collected as excise taxes. If the imported items alone are taxed, or are

¹¹ It is still too early to predict whether this means that the role of petroleum as a source of increasing revenues is a thing of the past.

taxed more highly than domestically produced goods, they have a protective effect, and they assist in improving the balance of payments position.

Subject to these considerations, the attempt to increase revenue has led to a steepening of the tax rates on the traditional favourites of finance ministers—tobacco, liquor, gasoline, motor-cars and entertainments. Revenue from taxes on liquor, and that from the extremely steep tax rates on narcotics, is being sacrificed in several countries in an attempt to prohibit their consumption altogether. Tobacco, being price-inelastic, is a good revenue yielder; income-elasticity is introduced by differential taxation of the different brands. For example, the indigenous *bidi* of the Indian or Pakistani worker is taxed more lightly than the western-type cigarette. China: Taiwan, Japan and Thailand collect tobacco revenue not as excise duties but through fiscal monopolies. Gasoline also satisfies the criteria of low price-elasticity and high income-elasticity to some extent; however, since the poor cannot afford cars and the import of cars for the rich is being restricted in order to improve the balance of payments, revenues have not risen to high levels.

The revenue from excise taxes has increased, however, not so much from increased consumption or increased rates of duty (although both these factors account for some part of it) on the traditional items, as from getting a wide range of items in the tax net. In India, for instance, the items which were not subject to excise taxes in 1948/49 yielded 24 per cent, and the items which were not taxed in 1938/39 yielded 71 per cent of the total revenue from excise taxes in 1953/54.¹²

The attempt directly to curtail general spending as distinct from spending on individual commodities, has given an increasing importance to general sales taxes or turnover taxes. The general sales taxes levied by the governments of ECAFE countries are not quite *general*; they are, in fact, an expanded version of excise taxes. Food and basic necessities are usually exempted from sales taxes; differential rates are charged on other items—depending on whether they are amenities of luxuries.

The curtailment of spending is brought about by sales taxes in two ways. The ability to spend is curtailed by taking spending power away from the consumers; the incentive to spend is weakened, since the consumer is given the choice to reduce his tax liability. The sales taxes, in this respect, have an advantage over income taxes in that they can catch persons who are able to avoid or evade income taxes. They would also catch spending out of

accumulated wealth. The real motive for the sales taxes in the newly developing economies of Asia lies in its catching not the rich, but the poor and middle income groups, who pay no income tax at all or very little, if any, and who, in their spending, are more price-sensitive.¹³

Sales taxes tend to be levied at various stages, the choice being a matter of administrative convenience. In general, a one-stage tax at a relatively higher rate is to be preferred to a tax with multiple stages and low rates. Burma, Indonesia and Pakistan have adopted single-stage taxes—the former two after experimenting with turnover taxes on successive transactions from the first dealer to the final customer. The taxes are levied on imports at the import stage and on domestic products for internal consumption at the manufacturing or wholesale stage as is done in Pakistan. Basic food items are exempt; other necessities are treated leniently and taxed at around 5 per cent; luxury goods are taxed more severely—at 10 per cent in Indonesia, 12.5 per cent in Pakistan and 15 per cent in Burma. India is also attempting to streamline its sales tax system, which being a state subject, varies from state to state. The state of Madras has a “general” sales tax with a multi-point system and several exemptions and differential rates including one-point taxation on some items. The state of Bombay has modified its multi-point sales tax (introduced in 1953/54) to a two-point tax. The states of West Bengal and Bihar, on the other hand, have preferred the single-point sales tax. Japan has a combination of excise and sales taxes. Manufacturers pay a tax when goods are moved out of warehouses and retailers also pay a tax on 70 items listed in the commodity tax law.

TAXES ON INCOME AND WEALTH

It is evident from table 35 that all the newly developing countries of the region rely to a greater extent on the taxes on commodities and services—the so-called “indirect taxes”—than on taxes on incomes and wealth. Only in Japan, do the latter add up to nearly half of the total revenue.¹⁴ Even so, the proportion in Japan is lower than in several other economically advanced countries of the world. Even if we consider land taxes as gross income taxes, as is done in table 35, the proportion of “direct” taxes to the total comes to around one-third in Hong Kong, between 20 and 30 per cent in Ceylon, India,

¹³ The popularity of the sales tax in advanced countries, on the other hand, has been, to some extent, due to a feeling that any further steepening of income taxes would have disincentive effects.

¹⁴ The significant proportion in Brunei under this head in table 35 reflects mainly taxation of profits of the oil company, which was already taken note of in the earlier section on taxes on foreign trade (see page 90).

¹² Government of India, *Report of the Taxation Enquiry Commission*, Vol. II (New Delhi 1955), p.259.

Indonesia, southern Korea, Nepal, Pakistan, Sarawak and Singapore, and lower fractions in the other countries of the region.¹⁵

Among the "direct" taxes, those on incomes of persons, including juridical persons, are the most important. Taxes on wealth or property, on the other hand, collect a very low amount of revenue. Even where they are levied, their application has remained limited and their rates have been low.

THE PRESENT STATUS OF INCOME TAXES

The income tax was already in existence before the war in Burma, Ceylon, mainland China, India, Indonesia, Japan, Pakistan and the Philippines. In Burma-India-Pakistan, it has been in continuous existence since 1886. The Philippine income tax dates back to 1913. In territories such as Brunei, China: Taiwan, the Federation of Malaya, Hong Kong, southern Korea, Nepal, North Borneo, Sarawak, Singapore and Thailand, it is a postwar innovation. The tax in Nepal is the youngest; it was introduced in the 1959/60 Budget.

Income taxes in most countries are levied on global incomes—that is, on incomes earned by residents as well as non-residents within their geographic jurisdictions and those of residents earned abroad. In Burma, India and Pakistan, income from agriculture is exempt from the income tax administered by the central government; it is supposed to be covered by land taxes levied by state governments. However, in an attempt to obtain more revenue and to introduce progressivity in the operation of the land tax, several of the state governments have also introduced agricultural income taxes. The income tax systems of these three countries have several other special features.¹⁶

Since 1947, the Japanese income tax system is based on estimated taxation and self-assessment. This is distinct from the present Burma-Ceylon-India-Pakistan system or the Japanese system before 1947, when income tax was assessed by the government

income-tax department on the actual income of the previous year. Under the self-assessment system, the taxpayer estimates his income in the taxable year, computes his tax liability, files a return and pays the estimated tax. Final adjustments are made on the basis of actual results. The tax on wages, interest and dividends and on certain types of business income is withheld at source. The Japanese system of taxation on personal incomes, and that of Ceylon, the Philippines and several other countries, have graduated rates rising in smooth progression all the way from the lowest to the highest income bracket on which the tax is due; this is less complicated than the two-tier system of personal income- and supertaxes in Burma, India and Pakistan prior to 1960. Under the Japanese system of exemptions from taxable personal income, a basic exemption is given for the taxpayer himself, and additional exemptions in declining amounts are given for his dependents. Ceylon operates the quotient system in this regard; a bachelor has one-and-a-half quotient, a married couple two, and additional quotients at the rate of half a quotient for each child up to a maximum of four children, bringing the maximum of quotients to four per family. Taxable income is divided according to the number of quotients; each quotient is assessed at the rates applicable. In this way, marginal rates are reduced for persons with larger family responsibilities. India recently made some small adjustments to favour persons with dependents. As in Burma, and in India and Pakistan until recently, Japanese shareholders, in the assessment of their tax liabilities on personal incomes, are given credit in respect of a part of the taxes paid by the companies.

The income tax systems in other countries combine most of the general features of the income-tax system—tax exemption limits, allowances, exemptions or tax credits for dependents, progressive rates, and differential treatment of individuals and companies. The tax in Brunei and Sarawak is only applicable to companies. The large revenue from the profits of the oil company in Brunei has made taxes on personal income unnecessary. The Hong Kong tax is composed of taxes on four schedules: property, salaries and annuities, profits, and interest; the new tax in Nepal covers only salaries and business profits. Both these systems fall short of a full income tax. In southern Korea, many other refinements in income taxation are sacrificed in order to tax income at the time it is earned, or as soon as possible after it is earned.

With its advantages of flexibility and progression not only between different taxpayers but between successive changes in the volume of incomes potentially subject to taxation, income taxes appear to provide the most suitable weapon for implementing

¹⁵ The sharp rise in Burma reflects mainly a change in accounting; from 1953/54 the state marketing boards were required to pay income taxes on their profits. As a result, the share of income taxes in total revenue went up and that of 'other taxes on foreign trade' went down. Similar changes have also affected the structural classification in table 35 in respect of several other countries.

¹⁶ Except for some recent changes, the system, as it operated through most of the postwar period, was a two-tier system of income- and supertaxes in respect of both individuals and companies. Secondly, the Hindu undivided family, a unit of considerable significance in the business organization of the Hindu community, received special treatment. There was no tax allowance for family size; there was differentiation between earned and unearned income; and, finally, insofar as company incomes were distributed to individuals as dividends, a tax rebate was given on personal income tax liabilities of the shareholders in consideration of a part of the tax—the "income tax" but not the "supertax"—paid by the companies.

broad fiscal policies.¹⁷ including the provision of incentives to save and to invest. That these advantages have been generally recognized can be seen from the fact that most of the countries which did not have income taxes before the war have introduced them in the postwar period. However, the share of revenue from such taxes, on the whole, has remained less than one-third except in Hong Kong and Japan.¹⁸ Nor is it, in any sense of the term, a mass tax in the newly developing countries as it is in Japan and in other advanced countries of the world. In India, for instance, the income tax in 1957/58 covered only 570,000 individuals who were assessed on their personal incomes, 55,000 Hindu undivided families, and about 49,000 business partnerships and companies. If we assume an average number of five persons effectively covered per assessee, the tax was effective in relation to less than 1 per cent of the total population of the country. The national income in the year was estimated at Rs 117 billion; the taxable potential income would be higher than the national income, since taxable transfer incomes are not included in national income. Total taxable potential would therefore be in the range of Rs 130-140 billion. The income assessed to income tax, including those of partnerships and companies, came only to Rs 10 billion and tax collected to only Rs 2.2 billion. Thus, 99 per cent

¹⁷ As distinguished from specific policies which are best implemented by special excises and differential rates of customs duties on particular commodities.

¹⁸ See footnote 14 on page 92.

of the population and about 93 per cent of the potentially taxable income in the country remained outside the purview of the income tax system.

PERSONAL INCOME TAXES

Coverage

One of the reasons for this low coverage is that the minimum exemption limits laid down exclude almost all but a fringe at the top of the social pyramid. A married couple with three children remains untouched by the income tax system in Ceylon, the Federation of Malaya and India until the family income is 9 to 12 times, and in Burma and the Philippines over 15 times, the average national per capita income. The corresponding coverage begins at less than twice the national per capita income in Australia, Canada, Mexico, the United Kingdom and the United States (see table 36). Such an under-development of the income tax system in the newly developing countries of Asia is accounted for by the smallness in absolute terms of the majority of incomes to be taxed and on the assumption that this majority is already adequately covered for taxation purposes through various "indirect" taxes. In any case, it is considered that the administrative machinery required for covering the masses through the income tax systems would be large in relation to revenue yield; a more thorough investigation of the tax returns of upper income groups would be more productive of revenue per unit of administrative expense.

Table 36. ECAFE Region and the Rest of the World: The Burden of Taxes on Income for a Married Couple with Three Children in Relation to Per Capita National Income in Selected Countries

Countries ranked in order of the approximate size of per capita national product	The level of income up to which no tax is paid (Stated as a multiple of per capita income)	Income taxes paid on earned income at various upper income levels. (Taxes paid as a percentage of earned income assuming earned income to be:			
		10	20	50	100
United States of America	1.3	23	35	54	69
Canada	1.9	19	32	45	55
Australia . . . . .	.7	30	43	55	59
United Kingdom	1.9	28	44	67	78
France	2.1	13	23	35	45
Germany, Federal Republic of	2.2	20	28	39	46
Argentina	7.7	3	16	34	43
Japan	3.4	11	19	31	39
Mexico	1.9	2	4	9	17
Federation of Malaya	9.8	neg.	4	12	21
Philippines	15.6	—	1	10	19
Ceylon	12.5	—	2	9	23
India	11.5	—	2	8	21
Burma	19.0	—	neg.	4	11

Source: Compiled in the United Nations by the Fiscal and Financial Branch of the Economic and Social Affairs Department from United Nations and national publications.

Note: Reference years are: for per capita national income — 1955/56 for Burma, 1957 for the Federation of Malaya, 1958 for Canada, France, Argentina, Mexico, Philippines, 1959 for the Federal Republic of Germany, Japan and India and 1959/60 for Australia; for tax laws — 1955/56 for Burma, 1959 for France, Mexico, Japan, the Federation of Malaya and the Philippines, 1959/60 for Australia, United Kingdom, Ceylon and India, and 1960 for the United States, Canada, the Federal Republic of Germany and Argentina.

Various aspects of the problem have to be considered here. First, any effort in a poor country to raise savings at the expense of consumption will have to obtain these from the poor; the standard of minimum taxable capacity might have to be placed at a lower level. As for there being no taxable

capacity in the low-income groups owing to the incidence of indirect taxation, there is no clear evidence. In India, for instance, the incidence survey carried out by the Indian Taxation Enquiry Commission gave the following results:

Table 37. India: Incidence of Taxation by Expenditure Levels
(Tax as per cent of total expenditure)

Monthly household expenditure level	Rs. 1-50	Rs. 51-100	Rs. 101-150	Rs. 151-300	Above Rs. 300	All expenditure levels
Rural	2.2	2.3	2.7	2.8	4.4	2.9
Urban	3.3	4.4	5.1	5.1	8.3	5.9
Rural and urban combined	2.4	2.7	3.1	3.3	5.6	3.6

Source: Government of India, *Report of the Taxation Enquiry Commission*, Vol. I, page 69.

The national income in 1953/54, the year of the inquiry, was Rs 280 per head and the average size of the household in the survey was 5 persons; monthly income of the national average family was, therefore, around Rs 120 per month. On this reckoning, only the first two groups constituted sub-average income-groups. On them the burden of indirect taxation was less than 3 per cent; if the redistributive effects of government expenditure are taken into account, they paid practically no net taxation and, insofar as persons in these groups were on "subsistence" levels, rightly so. On the other hand, the question arises if it is possible to raise more taxes from the average or above-average groups, either by lowering the income-tax exemption limits or by selecting for indirect taxation items important in their consumption pattern. The lower taxation in the rural areas is perhaps compensated by land taxes, the incidence of which in the present circumstances is on the poorer sections of the rural community. It is the urban community which seems to permit some, although not much, scope for raising the proportion of taxes levied. There is some point in the contention of tax administrators that administrative difficulties are involved in such a move; we shall refer to them later.¹⁹ There is, on the other hand, a distinct advantage in lowering the tax exemption limit. If the tax exemption limit remains, say at Rs 6,000 as is the case at present in Pakistan, incomes between Rs 6,000 and 7,500 earned by small and medium traders may escape taxation altogether, since it is difficult to be definite about the income-tax liability of any such person. If, however, the limits were down to Rs 2,000, such persons would have been forced to report some income and thus pay taxes which they are at present able to evade. Of course, the transition will have to come about gradually; the exemption limits will have to be

lowered and administrative machinery built up over a number of years in a step-by-step process.

Tax rates

While most of the income tax systems of the under-developed countries show very high (and only partially effective) personal income tax rates at the top, the average rate of tax applicable to the incomes of persons taxed is much smaller than in the advanced countries. The married couple with three children, mentioned above, in Ceylon, the Federation of Malaya, India and the Philippines pays only 8-12 per cent, and in Burma only 4 per cent, of the assessed income in taxes when the family income is more than fifty times the national per capita income. On the other hand, a similar family unit with only ten times the national per capita income in the Federal Republic of Germany, the United States, Australia and the United Kingdom pays from 20 to 30 per cent, of its assessed income in income and wealth taxes (see table 36). In India, in 1957/58 the "harsh" taxes—taxes taking away more than half of the assessed personal incomes—affected only about 7,000 assesses, or about 35,000 persons,—that is, less than one person in ten thousand. There is little doubt that this apex had already exploited the available avenues for avoidance and evasion, reducing the "harshness" in relation to their total incomes as distinguished from "taxable incomes". The minimum disclosed taxable income of this group was about two hundred times the national per capita income; those with incomes above the exemption limits but below the 200-time level paid on an average only 9 per cent of their assessed incomes in personal income taxes. Taking into account, therefore, the national average level of living in the country and the incidence of existing indirect taxes—that is, an additional 6 per cent according to table 37—it cannot be said that either the tax coverage is extensive or the rates, in their practical application, are harsh.

¹⁹ See *infra*, pp. 102-103.

Tax base

Of course, the tax systems show rather high rates for the upper brackets of assessed income. Even when they have recently been brought down, the highest marginal rates on earned incomes of persons in India remain at 77 per cent, in Pakistan at 75 per cent and in Ceylon at 60 per cent. Nevertheless, the income tax systems are only superficially progressive;²⁰ in practice, the rich are able to *avoid* the tax through legal "loopholes" and in most countries, to *evade* it through administrative deficiencies. The "loopholes" on personal (and company) income taxation generally lie in the definition of the tax base, namely "taxable income". Profits on the sale of capital assets—capital gains as they are called—were not taxable until recently in most countries; even so, they pay lower rates. As capital assets appreciate particularly in inflationary periods, profits are realized on their sale. Under the British system, these profits are not taxed on the principle that it is the fruit of the tree, and not the tree itself, which should be subject to tax. However, from an economic standpoint, or from that of the property owners, there is no distinction between income from property (which is ordinarily taxable) and income from the sale of this property (which is not, or which is subject to a lower tax), except to the extent that the capital gain is ascribable to genuine currency depreciation over the holding period of the asset. Other "loopholes" include the escape from personal income tax liability through undistributed profits in closely held companies or trusts. The share values go up as reserves are piled up; in the event of sale at appreciated values, the profits realized can be passed off as capital gains. A third "loophole" is the system of perquisites such as office-provided cars, living accommodation, travel, or expense accounts in general, which are charged off to business expenses, but which may not truly be "expenses that are wholly, exclusively and unavoidably incurred in earning the profits of the year."²¹ Death duties are also avoided by gifts to beneficiaries made during the lifetime of the giver.²² All these loopholes have been so universally exploited

that there is a considerable amount of truth in the popular aphorism that taxable income is the only luxury the rich cannot afford.

To plug several of these loopholes, as well as to evolve a tax system which would encourage saving and investment but discourage consumption, the Governments of Ceylon and India took a series of measures containing an adjustment of the rates of taxes on personal income, and new taxes on capital gains, on net wealth, on personal expenditure and on gifts. These are to be assessed as a single operation on the basis of a single comprehensive return provided by the taxpayer. In adopting these measures, the Ceylon Government did not bring down the higher rates of income tax to 45 per cent—the level recommended as the maximum.²³ This made the burden on the upper income levels considerably higher than was necessary to secure revenue without severely impinging on incentives or putting a strain on honesty. India, too, did not lower the income tax rates to the extent recommended; on the other hand, the new measures were much milder than the original proposals.²⁴ The integration and the interdependence of the scheme as a whole were vitiated. This was due, to some extent, to the not altogether unjustified apprehension that the unavoidable initial administrative difficulties would prevent the new taxes from making up the revenue loss which would result from an abandonment of the well-established top income-tax rates.

Not only is the tax being legally avoided. There is widespread evasion. The actual extent of this malpractice is a matter of speculation in several countries. In India, however, an attempt was made to put a value to it. According to one estimate,²⁵ the tax annually evaded was on income totalling Rs 5.8 billion, or about three-quarters of the income assessed to tax in 1955/56, and that the magnitude of the revenue lost through evasion was of the order of Rs 2.3 billion, as compared with Rs 1.8 billion collected from all classes of assessee in that year. The Central Board of Revenue of India estimated the income evading tax assessment at about 40 per cent of the first estimate. Even the lower estimate suggests that income evading income tax was about 30 per cent of the income assessed to tax, and that revenue lost might be well over one-half.²⁶

²⁰ Henry Simons, before the war, called this a "subtle kind of moral and intellectual dishonesty . . . a grand scheme of deception whereby enormous surtaxes are voted in exchange for promises that they will not be made effective. Thus the politicians may point with pride to the rates, while quietly reminding their wealthy constituents of the loopholes." *Personal Income Taxation*, (Chicago, 1938), p.219, quoted by Nicholas Kaldor: *Indian Tax Reform*, p.11. In Asia, there is perhaps less of deception than a genuine misunderstanding on the part of the politicians.

²¹ Kaldor, *op. cit.*, p. 66.

²² While top marginal rates of income tax could well be lowered, there is a case for steepening the inheritance taxes; and since progressivity should affect not the dead but the living, the beneficiaries could be taxed progressively on the basis of amount received over the years, irrespective of whether that was an inheritance or a gift.

²³ Kaldor, N.: *Suggestions for a Comprehensive Reform of Direct Taxation*, Government of Ceylon, 1960, page 7.

²⁴ Kaldor, N.: *Indian Tax Reform*, *op. cit.*, page 2.

²⁵ *Ibid.*, pages 103-106.

²⁶ In Pakistan also, the voluntary disclosures, in response to the two-month amnesty granted in November 1959, indicated that the tax evaded each year exceeded half of the income tax collected.

COMPANY INCOME TAXES

In advanced countries, a considerable proportion of economic activity is organized in the form of limited liability companies; company profits provide a major source of revenue. The importance of this sector in the newly developing countries is rather small, although it is growing. Two ideas permeate the subject of company taxation. The first is that a company is nothing but "an aggregate of a number of shareholders banded together for the achievement of some common purpose under limited liability; it is sufficient to impose the (personal) income tax upon the shareholder . . . and needless to impose the tax upon corporate income."²⁷ The second view is that since "the general law of the land entitles a corporation with a personality of its own and regards it as an entity distinct from the shareholders who are its members, a corporation owes a duty to pay the corporation tax on its income apart from the income tax on the shareholders' income."²⁷ The two-tier system of company taxation in Burma and Japan, and in India and Pakistan until recently, pursues both these ideas. The two tiers consist of an "income" tax and a "super" or "corporation" tax; while the former is refunded as a tax credit on the personal income taxes of shareholders in respect of the dividends received by them, the "corporation tax" is not so refundable. With effect from 1960/61, India and Pakistan have abolished the tax rebate; the two taxes—income tax and supertax—for practical purposes, will be operated as if there was only one non-refundable corporation tax.

Corporate taxes are generally levied at a flat rate on all companies. Several countries, however, levy a slightly lower rate on companies earning smaller amounts. The rates vary. In general, they are not as high as in the United States (52 per cent). Where a rebate is given to shareholders on their personal income tax, their real incidence is even smaller than what the rates suggest. The rates in Indonesia rise from 40 to 52.5 per cent. India and Pakistan charge a flat 45 per cent (with the abolition of the tax rebate); North Borneo a flat 40 per cent; Brunei and Sarawak a flat 30 per cent; Japan two rates of 33 and 38 per cent and southern Korea of 17 and 22 per cent.

The administration of corporate income taxes is being tightened up in many countries by a more vigilant scrutiny of "deductible expenses". The more technical problems, however, in this field of taxation relate to the treatment of inter-company distribution of ownership and dividends, assessment of depreciation and valuation of fixed assets and inventories,

particularly in a period of changing prices, and the treatment of business losses during the life time and at the time of winding up of companies.

While the governments have been in general enthusiastic in taxing company profits in the private sector, they have not been equally vigilant or successful in increasing or taxing the profits of their expanding public enterprises. Most of the profits in the column under government enterprises in table 35 are from some variant of fiscal monopolies; the strictly commercial enterprises are generally making losses on their operations. As we saw in chapter 5, the enterprises come under pressure from the workers for uneconomically high wages from their "model" employer—the state—and for uneconomically low prices from the consumers. An example of such tendencies is provided by Ceylon in recent years. If the governments were to continue their policies of fostering public undertakings, there is an obvious need for changing the present price and wage policies in such a way as would enable undertakings to earn profits, unless doing otherwise is a matter of state policy. There is also a need to tighten up administrative expenses.²⁸

INCENTIVES FOR THE PRIVATE SECTOR

In respect of tax levels, the question of their implications for incentives is often presented in the general form that high taxes put a damper on output. This simple assertion needs closer examination. Of course, businessmen have always complained about the adverse effects of the income tax throughout the history of its operation, irrespective of whether it was a penny or a shilling in the pound; every rise in it would, it was forecast, bring down economic doom. And still, most of the developed economies have come to accept the fairly high rates of income (and company) taxes as quite normal; once these rates are accepted as such, they stop being disincentives. It is not the general level of taxation, therefore, that is injurious to economic productivity; it is rather the sharp steepening of the rates, or the absence of tax discrimination between those who play the game according to the rules and those who do not. A generally low level of taxation may increase some saving and some investment; it may also increase consumption and speculation. And, by reducing government revenue it may have the net effect of lowering the national rate of saving and investment. It would indeed seem a wiser policy to adopt in

²⁷Government of Japan, *Outline of National Tax in Japan 1957*, p. 18.

²⁸ The "perks" for officials in public undertakings often match those in the private sector; the former, in addition, enjoy the security of tenure and easy transferability in the event of things going wrong, neither of which is available to the same extent to their counterparts in private enterprise.

general a high average level of taxation and give discriminatory relief, in ample measure, to those who save and invest according to the priorities set in the national plans or programmes of economic development. Of course, a generally high level of taxation on incomes should not be mistaken for punitively high rates on the top income brackets; these, as we saw, would only encourage tax evasion.

The most potent instruments for encouraging personal saving are really the taxes on spending, such as sales taxes, various commodity taxes and the expenditure tax. These provide the negative incentives to save, since tax liability can be avoided by refraining from spending. Among the positive measures of incentive provision in personal income taxation are the deductions allowed, up to a specified limit, for contributions to life insurance premia and to certain other savings schemes. Interest received from postal deposits or government bonds is also tax-exempt in several countries.

It is taxation of business incomes, however, which has, as its special feature, the system of incentives that are woven into it in order to encourage non-distribution of income as dividends and its reinvestment. In respect of the former, however, the governments have to find a practical compromise between two opposite aims; non-distribution is desirable as a mode of saving in an inflationary situation; given high rates of personal income taxation in the upper income brackets, it may be used for income tax avoidance. As result, the legislation in several countries enforces an upper limit to non-redistribution at the same time as it penalizes the distribution of dividends. A distinction is also made between closely held companies, which have a greater incentive to practise non-distribution of dividends in order to avoid personal income taxes, and loosely held companies, where the shareholder is not a partner in any real sense but only the owner of "a piece of paper with a market value". In Asia, at present, not many of the companies can be strictly described as loosely held.

Among the specific incentives to invest may be mentioned the provision for a tax holiday for a specified number of years for desired types of investment. The applicability of the tax holiday provision is confined to "new and necessary" industries in the Philippines, or "approved industrial" projects in Ceylon, India and Pakistan. Pakistan also makes the further stipulation that the industries concerned should be those "using wholly or mainly raw materials produced in Pakistan." The laws in Ceylon and India provide the statutory tax holiday, for a period of five years. In Pakistan the tax holiday is for four years in the developed areas of West Pakistan and six years in East Pakistan and in the

less developed areas of West Pakistan. The tax holiday in Afghanistan and in Japan is for three years, in Burma also for three years with a possible partial exemption for an additional period. In some countries, for example, in the Federation of Malaya, the period varies with the amount of capital invested. The Philippine law (originally approved in 1946), however, granted the concession only for a period of four years. The law was amended in 1953 making the concessions valid as follows: complete tax holiday up to the end of 1958, and progressive increases in tax liability through 10 per cent in 1959, 25 per cent in 1960, 50 per cent in 1961, 90 per cent in 1962 to full tax liability in 1963 and thereafter. However, no assessee was to enjoy any proportion of tax exemption for a period exceeding six years. Ceylon and India put an upper limit to the income that could claim tax holiday; tax exemption applies to profits of "approved" industrial undertakings in Ceylon only up to 5 per cent, and in India up to 6 per cent of the capital employed in the undertaking. The Philippine law exempts the "new and necessary" industries from liability in respect of all taxes during the holiday period; Ceylon, India and Pakistan exempt them only in respect of direct taxes.

To provide concessions to investors whose savings are to be attracted to useful enterprises, Ceylon, the Federation of Malaya and India also exempt dividends paid out of exempt profits from liability in respect of personal income tax.

Another incentive provision in the tax systems of the countries of the region is the allowance of higher and accelerated depreciation for fixed investment in approved channels. This incentive receives added weight from the fact that an enterprise which follows a policy of continuing investment will indefinitely retain this benefit, whereas its effect for enterprises not doing so, although still substantial, will be limited to a postponement of tax liability tantamount to an interest-free loan to the undertaking equal to the amount of the tax differential in the initial period. The concession enables the companies to write off the assets earlier than would otherwise be possible. However, the total tax paid over a number of years is the same, since the tax liability of the undertaking will be higher in later years as the depreciation allowance is reduced. In some countries, for example, the Federation of Malaya which provides for both types of incentives, the law permits the postponement in the use of these special investment concessions until after the tax holiday period so as to protect the former from being absorbed by the latter.

In Ceylon and India, the accelerated depreciation allowance was replaced by a system of development rebates, under which depreciation allowance is granted

in excess of the original cost of fixed assets. In Ceylon, an outright development rebate equal to 20 per cent of the cost is granted for all new plant and machinery installed in a business undertaking in any year; the rate of concession is 40 per cent where the enterprise is considered essential for the economic progress of the country. In India the rate is 25 per cent; in Japan it is as high as 50 per cent. The development rebate is in addition to the normal depreciation allowances available for these assets. While the accelerated depreciation allowances have the effect of only postponing the tax liability, the development rebate is a direct tax relief to the enterprise and does not reduce the written down value of the asset on which depreciation is later allowed.

Recognizing the importance of stimulating the self-financing of industrial expansion, some countries provide tax incentives for the reinvestment of profits. Thus, in Burma, profits reinvested within one year are exempt from income tax. Pakistan, the tax exemption is subject to the condition that profits be reinvested within one year of their accrual and that not more than 40 per cent of them be distributed.

Because of its special importance to the economy, the promotion of exports is given special tax concessions in Japan. Amounts transferred to reserves to provide for export losses are deductible as business expenses in computing the taxable income of companies. Special deductions were also in vogue during some periods when a small fraction of the value of export contracts could be set apart as a tax-free allowance.

Although concessions to provide incentives to save and to invest have been built into the tax systems of most countries, it is questionable if they have made much difference either way. To some extent this is due to the fact that legal concessions lose their meaning if the effective tax levels are low or if easier avenues permit tax avoidance or evasion. A more important factor, however, is that tax incentives are rather a delicate instrument of economic policy; they can be effective only if the general climate is favourable to private investment. Tax liability is only one of several factors taken into account in arriving at investment decisions; although it is an important consideration, it is not necessarily the most important one. If the concessions are to be effective, they have to be co-ordinated with other factors having a bearing on private investment. The most powerful incentive for private investment in the postwar period has perhaps been provided by the aggregative effect of fiscal policy on the level of effective demand in the economy and by the assurance that the demand will continue to expand and that competing products from abroad will be shut off by protective tariffs. It is factors such as these which are more pertinent in influencing private decisions

than the specific concessions mentioned above. However, it must not be overlooked that these concessions have advantages when superimposed on other measures enabling the revenue system to service more efficiently the requirements of economic growth.

SOCIAL SECURITY TAXES

Another means of tapping revenue from the growing organized sector of the community is provided by social security taxes. While company taxes would tax company income as a whole, and personal income taxes affect the incomes of salaried company officials, directors and shareholders, a large part of increasing worker incomes are likely to remain outside the purview of these taxes, even if the exemption limits were lowered. On the other hand, the state is likely to be called upon, as noted in the previous chapter, to enlarge the scope of its social services not only to cover the traditional fields of education and public health but also to offer benefits covering unemployment, sickness and retirement. Assuming that these expenditures will have to be met, there is a strong case for getting some revenue from the workers in the form of social security contributions when they are in employment. Several countries have already made a beginning with social security or similar taxation in recent years; the system appears to be well developed only in Japan and in Ceylon where the annual contributions from the private sector come to around 3 and 1 per cent respectively of the national income.²⁹ Ceylon is also experimenting with crop insurance, which may be described as an application of social security principles to the rural area. Like income taxes, social security taxes have a built-in flexibility; in periods of prosperity or inflation net receipts tend to go up; in times of unemployment, there are net payments. This would assist in maintaining short-term stability. With the growth in the coverage of the organized sector, the revenues are also likely to grow.

LAND TAXES

Agriculture is the source of livelihood for a large majority of the population of the underdeveloped countries of the ECAFE region. In an attempt to reach this group for revenue, farming has been subject to a variety of taxes. Agricultural incomes are taxed under the central income tax in

²⁹ Social security taxes are also well developed in Latin America; Chile collects 4.5 per cent, and Brazil, Costa Rica and Dominican Republic about 1 per cent, of national income as contributions from the private sector. The operations are generally organized under separate agencies, with semi-independent powers of taxation, investment of funds and disbursements of benefits. In Latin America, the investments have generally been made in real estate; similar investments in Asia may relieve the government of the load of providing housing facilities for lower income groups, although there is scope for re-orienting investment from real estate to industrial projects.

Ceylon, Indonesia, the Philippines and Thailand, and under the state income tax in Pakistan and in several states in India. However, a more common form of agricultural taxation in the ECAFE region, as well as in the Middle East, is the tax on farm output. It is primarily a tax on the staple crop, but that is often extended to include livestock, fruit trees, vegetable gardens, etc.

There are two main types of taxation of farm output according to the method of its assessment and collection. The older one of the two is that of crop-sharing between the cultivator and the state. The tax is assessed on the basis of actual harvest and collected in kind or in cash. Such an actual output tax is in operation at present in China (mainland and Taiwan) and Korea (northern and southern). The second method common to Burma, India, Nepal and Pakistan is a combination of output and property taxes. The annual output is taxed, however, not according to current yields but according to the long-term charges fixed in cadastral assessments made periodically—every 20 or 30 years—with the tax base of gross or net output in one single year, or an average of several years preceding the year in which the assessment was made. As a tax on incomes, the land tax is a highly regressive tax; the burden is smaller for higher incomes, and varies inversely with the changes in income over the relatively long period during which a given settlement remains valid. In certain parts of India and Pakistan, land settlement was made in perpetuity at the end of the eighteenth century. The tax burden in these 'permanent settlement' areas has become meaningless over this length of time; with successive transfers of ownership, it has already got capitalized in land values.

Both Thailand and the Philippines tax land on its capital value. While income to be derived from property is an important element of its value, the difference between this property tax and the traditional land tax of India and Pakistan is in the tax base. Since capital value is the base of the former tax, values arising from factors other than agricultural yields are taken into account, including actual prices paid for land. The taxes also apply to urban areas where land is used for housing. The land tax in India and Pakistan is generally confined to agricultural output; property characteristics such as irrigation facilities and quality of soil are taken into consideration only as indicators of output.

As it stands, land tax, among the fiscal systems of the countries of the region, is of importance only in Nepal. In 1950, it accounted for more than half of the country's total revenue; by 1958, the tax had given pride of place to customs duties. The tax in the plains in the south—the *Tarai* areas—is the

ordinary land tax assessed and payable in cash, whereas in the hills it is assessed in kind but collected in cash, at prices which are a fraction of market prices, since the assessment prices have not been revised for about half a century. To increase revenue, the Government of Nepal, in its 1959/60 Budget, introduced surcharges on the land tax and abolished the *Birta* system, which was a system of tax free gifts by the state to individuals who had the right in perpetuity to collect land taxes from the landowners, but who had no corresponding obligation to pay anything to the Government for the privilege enjoyed. Both these measures were designed to arrest the fall in revenue from land taxes; in the present context of economic development of the country, land tax alone offers the most promising field of augmenting national saving.

The cadastral land taxes have the great demerit of being inflexible. Their share in total revenue has fallen; in the combined revenues of India and Pakistan, for instance, it fell from 13 per cent in 1938/39 to 7 per cent in 1957/58. In fact, agricultural taxation, which is the oldest form of taxation in the history of public finance, has provided low potentials of growth, unless agriculture was of a type where it had to be carried on in large units such as plantations or its products had to pass through the customs shed prior to export. Taxation of small "subsistence" or largely non-marketed outputs of a large number of peasant cultivators—practised for centuries—has given rise to complexities in tenurial systems and property rights, and to extortionate and iniquitous taxation of the small tenant cultivator, not so much for the benefit of the state as of the intermediaries between him and the state. Any attempt to alter the basis of land taxation, therefore, gives rise to serious problems of administration, equity and incidence. No one is in favour of taxing the subsistence farmer if he is really that; on the other hand, both the wartime rise in real prices, and postwar increase in output resulting from investments in agriculture—largely at public expense—have brought about a rise in agricultural incomes in real terms, which has not been tapped for revenue except in the export-orientated economies.

The question of what can be done to tax this increase in agricultural incomes revolves around the difficulty of ascertaining the beneficiaries of the rise. As far as export trade is concerned, governments have been able to tap the increment through export taxes, marketing boards, discriminatory exchange rates and other similar measures. But in the case of cultivation for domestic consumption, there is a presumption, but no accurate information, that the benefits have accrued to producers, who have increased their own consumption and who have received higher prices on what they have chosen to sell. There is again

a difference of opinion here as to the extent to which the gain has gone to the subsistence farmer or to the landowner or moneylender.

This question of tapping the increase in agricultural incomes for revenue received the attention of the inquiries into taxation by a Commission in India and by a Committee in Pakistan. The Indian Commission also made the attempt noted above³⁰ to study the difference in incidence of all taxation as between urban and rural population and as between the several income groups. Its findings were that, on incomes below the income tax exemption limits, the level of tax incidence in urban areas was higher than in rural areas, although the difference between the two was "not quite as great as is often believed". On the other hand, the disparity was large in respect of incomes subject to the central income tax. The Commission therefore concluded: "there appears to be greater room for increased taxation of higher rural incomes, if the country is to have a more satisfactory picture of incidence."³¹

In the context of rising output and increasing price levels, one way of taxing agricultural incomes would be by price-fixing of agricultural produce, letting real prices but not the real incomes of producers fall. This has, in fact, been done in Burma and Thailand, where governments have been able to keep domestic prices of rice below export prices in order to secure revenue. The price-fixing of agricultural produce intended for domestic consumption will not be revenue-yielding; but it will serve one of the major objectives of fiscal policy, namely, the maintenance of long-term stability. The prices could be pegged at fairly stable levels by controls over transportation and sale, physical procurement of supplies and maintenance of buffer stocks, as have been tried in India and in other countries of the region. If these methods are successful, stabilization is secured directly rather than through a fiscal intervention.

This is not to deny the considerable scope which the present land tax system permits for its rationalization to yield more revenue. India and Pakistan have made attempts to expand the purview of their taxation on incomes to include agricultural incomes. But, since the exemption limits exempt all but a minor group and since the rates have been relatively low, yields have remained small. Apart from revenue considerations, agricultural income taxes are intended to introduce progressivity in land taxes; another method by which this is sought to be done is progressive surcharges on the land tax. A second source of revenue is provided by betterment taxes levied on property benefiting directly from develop-

ment projects such as irrigation works.³² If, however, land values rise from general economic development or from inflationary conditions or speculative demand, capital gains taxes could be used to catch the increment in land values. Private investment and utilization of land could also be stimulated by taxes on unimproved or unutilized land. However, none of these taxes is likely to bridge the large gap between the rise in agricultural incomes and the trend of revenues from land taxes.

RATIONALIZATION OF REVENUE SYSTEM AND ADMINISTRATION

To sum up, contrary to what has often been generally believed, taxable limits—whatever they are—have not been reached in the newly developing countries which indeed possess a revenue potential sizably greater than what they have so far exploited. On the whole, they succeeded well in taxing transactions in foreign trade, although this source, as we saw above, is not likely to provide growing revenues. The tax systems, on the other hand, were not as effective in improving the balance of payments; considerations of revenue have been in conflict with those of saving foreign exchange. The balance of payments problem was more effectively tackled by direct controls.

In respect of counteracting short-term disturbances to stability, the relative under-development and the time-lag between the earning of income and its assessment have made taxation of incomes less effective than what could be expected from it in view of its built-in flexibility for this purpose. The governments had greater success with export taxes as an anti-inflationary device in times of export boom; they counteracted deflationary situations through an expansion of expenditure rather than through tax reduction. Nor was the income tax system fully effective in promoting investment or channeling it in desired directions; the promotional incentives lost their attractiveness and the deterrents their punch owing to the restricted scope of the tax system in general and the wide-open possibilities for tax avoidance and evasion.

For the prime task of raising national rates of saving, taxes on internal transactions in commodities and services and on domestic incomes and wealth provide the most suitable fields for further exploitation. In the process, the question of tax incidence and discrimination between the poor and the well-off has to be seen from new angles. It is not possible to give a categorical answer to the query if the poor

³⁰ See table 37 on page 95.

³¹ *Report of the Taxation Enquiring Commission, op. cit.*, Vol. I, p. 78.

³² India is experiencing some resistance in the East Punjab state in collecting betterment levies on lands benefiting from the Nangal project.

in the newly developing economies of Asia provide further tax potentials, until a basis is prepared giving factual information on whether and what the poor have gained from the rise in national income, and the incidence of existing taxes on their incomes and spending.

However, we may clarify some points. There is one real problem. The pre-occupation with questions of incidence, when carried to the extreme and applied to every individual tax, is likely to lead the tax system eventually into losing revenue and making it regressive in relation to national income if the bulk of the rise in the national income goes to increase, although by a little, the small incomes of the poor. In such circumstances, seeking progressivity may lead to a regressive tax system. Indeed, it is not the incidence of an individual tax but that of the tax-and-expenditure system as a whole which should matter in this regard. Taxing a few necessities, or lowering income-tax exemption limits, or devising schemes of rural taxation will make the tax system more progressive in relation to the national income; it will raise incremental income—"non-consumption" ratio for the economy as a whole. If the poor have little choice between paying taxes and remaining in "disguised unemployment" or suffering inflation, they will be better off paying the taxes.

There is also the question of definition as to who precisely constitute the "poor" and what constitutes "poverty" in the context of Asia. One way of defining poverty would be to reckon as poor all the family units with less per capita income than the national average. Those above the average could then be distinguished as middle income groups or the rich on the basis of a certain multiple, say ten times, of the per capita national income. Thus, if the average family size is reckoned to be five persons in all income groups, persons earning less than five times the national per capita income could be described as the poor; those earning from five up to fifty times as the middle classes; and those earning more than that as the well-off. If then, the poor, on this definition, remain still on the "subsistence" level, they should not be taxed. Any taxation of persons at subsistence levels would impinge on human capital and would be highly injurious to economic growth. If, on the other hand, the taxpayer has crossed the Rubicon, even if his income be still below the average levels, there is a case for touching him for some portion of his income, and a strong case for tapping an increased portion of his incremental income.

As for the well-off, they need to be dealt with, but a little more carefully. To the extent that they are, in effect, lightly taxed, despite the high rates on top brackets of 'taxable income', there is ample

scope for getting more out of them. This can be done by redefining 'taxable income', by taxing wealth and spending, by plugging all the legal loopholes and by taking more effective measures aimed at catching tax evasion, like those taken in Pakistan when the new Government came into power. On the other hand, the tendency to overtax should be avoided for two reasons. First, it will only encourage tax evasion. At the top levels of income, when the marginal tax burden is 90 per cent, a tax avoidance or evasion worth one unit of currency has for the taxpayer a value equal to earning ten units. Secondly,—and this is rather important—such taxation may be injurious to saving. In India, for instance, more than half of the tax revenues from personal income taxes in 1957/58 was collected from only 7,000 individuals, each of whom was assessed as having a minimum of two hundred times the national per capita income. Even assuming that there was no tax avoidance or evasion and that the income reported was their only income, these people would still be left with enough wealth, if not enough income, after paying their taxes, to permit luxury consumption. Income taxation and even commodity taxation does not seriously affect the consumption levels of the truly rich. So the net result would hardly be a reduction in consumption. Direct controls, rather than fiscal measures, may perhaps be more effective. The taxes do not increase the national total of savings; they merely transfer the savings of the rich to the government. Such transfer is often advocated on the argument that it would curb speculative investment; but, if the rates are really high, the speculators might as well take their chances on cheating the tax collector. Compulsory, punitive and unrequited transfers of *bona fide* savings to the government, on the other hand, would have adverse effects on incentives to earn, save and invest in the private sector. It may well be that the governments are motivated by considerations of national priorities in investment and by a belief that in view of these priorities the targets of investment in the public sector need to be filled even at the expense of investment in the private sector. It would, however, be regrettable if the availability of revenues were only to encourage the governments to indulge in extravagant consumption or give-away redistribution at the expense of private saving and investment.

The expansion in the scope of the revenue system, advocated above, requires a strengthening of the revenue assessment and collection machinery. In Burma, India and Pakistan, the stagnant land tax absorbs administrative resources out of proportion to its yield; income and excise or sales taxes, on the other hand, are only inadequately enforced. A great deal of the administrative burden could be reduced by simplifying the tax structure. Thus, if capital gains were treated as ordinary income, there would

be no need to verify whether an income was a capital gain or not. If an accessions tax on beneficiaries was introduced, it would obviate the need to have both the inheritance taxes and gift taxes. There is also a great merit in built-in cross-checking in the Kaldor proposal of a comprehensive return, filed once a year by the taxpayer, on his wealth, income and spending. Strengthening of the cadre, and mechanization in the offices, would go a long way to avoid delays in assessment and collection. If it is desired to extend the scope of income taxes to cover lower income groups, tax forms and assessment methods could be simplified. The taxes could be collected from employees by having them withheld at the source. Small traders or businessmen could be assessed on their gross income. Self-assessment under oath could be made the general rule for non-wage incomes, and tax tables for ready reckoning distributed as is done in Japan; presumptive assessments could be levied on defaulters by tax officers unless the assessee were to prove their lower liabilities for tax by producing accounts and books. Some simplified accounting system could be evolved, and standard forms incorporating such a system could be distributed to educate taxpayers in bookkeeping.

These administrative improvements are relevant not only in the field of low-income taxation; they have ramifications over the entire range of fiscal administration in under-developed countries. Illiteracy

is, of course, an important problem, but not the big bugbear it is made out to be. The land tax, in operation for centuries in several countries of the region, has, in fact, involved the taxation of illiterate rural masses; whole revenue cadres have been built up in the course of its administration. Unfortunately, the land tax is inflexible and regressive from the point of view of fiscal development; if need be, it could be abolished altogether, and the administrative resources released could be redirected to administer a simplified, more rational and flexible system of income, property and commodity taxes on the lines reviewed on these pages. Of course, there would still be tax evaders, but cases of tax evasion discovered could be punished more severely to deter others from practising fraud. At the moment, the discoveries of evasion are so infrequent, and the penalties on the evasion discovered so lenient, that the taxpayers, particularly self-employed professionals like doctors or lawyers and businessmen, can easily take a chance on not being caught at all or being let off lightly if caught. Special tax courts, instead of the ordinary legal machinery for civil suits, may be instituted and the legal processes tailored to deal expeditiously with the specific problems of tax evasion. A stricter supervision of the lucrative profession of company accountants and tax advisers or consultants might also bring to light the deficiencies of tax legislation and its practical application and administration.

Chapter 7

FISCAL POLICIES

The failure of governments of the region, reviewed in chapter 6, to increase revenue in proportion to the increase in their expenditure resulted, in most countries, in the emergence or enlargement of their budget deficits.¹ Under certain limited conditions budget deficits were in no way antithetical to the pursuit of the objective of long-term economic growth; but, in many countries and over most of the postwar period under consideration, budget deficits were a contributory factor to inflationary conditions. It is in the latter context that the governments can be said to have been confronted with the awkward choice of slowing down economic development,² or suffering inflation.

The persistence of inflationary conditions affected also the balance of payments and *vice-versa*. Where foreign trade was free of controls, inflation increased imports and adversely affected exports, resulting in balance of payments deficits. However, such an outlet was available to only a few countries. In most countries, import reductions only strengthened the inflationary forces let loose by the national increase in non-consumption spending. The countries were forced to find the delicate mid-point between internal stability and external balance; they generally swung from one extreme to the other.

Fiscal policies also tackled the compensatory role of levelling up the inflationary or deflationary zigzags of domestic investment or of foreign trade. These were essentially short-term problems; they were of importance in the economies which are significantly dependent on foreign trade such as Ceylon or the Federation of Malaya, or in the industrial economy of Japan which experienced the trade cycles characteristic of the private enterprise industrial economies of North America and western Europe. These short-term instability problems should be distinguished from the problem of long-term instability which arose mainly in terms of inflationary conditions from the prime failure of fiscal and monetary policies to reduce total outlays on consumption in order to bring them in balance, at currently prevailing prices, with the resources available for consumption.

¹ For a definition of the terms 'government deficit' or 'budget deficit', 'government saving' and 'money creation on government account', see the explanatory note on page 63.

² Of course, it was not quite necessary that only developmental expenditure should have been reduced; there was plenty of scope for the reduction of less essential expenditure.

The governmental attempt to direct to itself the maximum of resources possible, so far as it was made through revenue measures, was described in chapter 6. In addition, the governments resorted to borrowing. Only a portion of this borrowing was a genuine transfer of resources; the balance represented no saving on the part of the community and resulted only in strengthening the inflationary forces. The governments were also helped insofar as they were able to run down foreign assets or to mobilize foreign saving. The availability of such foreign saving to ECAFE countries increased sharply in the postwar period. It helped by increasing the real resources, by improving the balance of payments position and by withdrawing in counterpart funds a portion of monetary demand.

The ramifications of the pursuit of economic equality in the expenditure and revenue policies of governments were described in chapters 5 and 6. But this was not the only non-economic objective that fiscal policies were employed to serve. Other non-economic objectives included the strengthening of military potentials to avert a war or to cope with civil strife, and making societal changes, such as altering the institutions of land ownership, transforming the capitalist economy into a socialist one, or the opposite one of strengthening private initiative and enterprise.

THE EMPHASIS IN FISCAL POLICIES

The importance attached to the different economic and non-economic objectives varied considerably from country to country, depending upon its political and administrative organization, ideological background and the weight attached to economic progress relative to other considerations. These considerations far transcended the boundaries of pure economic calculus, and in several instances, at least in the short run, created a conflict with the purely economic objective of achieving a high rate of growth, although the conflict was not always explicitly recognized or admitted. In most cases, both economic and non-economic objectives remained intermingled without proper co-ordination. In China: Taiwan, southern Korea, Laos and southern Viet-Nam, national defence received priority in the shaping of fiscal policy on the expenditure side; in mainland China, priority was given to socialist transformation of the economy; in the Federation of Malaya, Hong Kong and in the

Philippines, revenue and expenditure policies were framed with the prime objective of aiding and encouraging private enterprise to secure economic development; in Ceylon and India, development was sought within the framework of an increasing role for the public sector.

In the purely economic field, with the emergence and enlargement of budget deficits there remained a divergence between the ideal of achieving a high rate of capital formation and economic growth in the economy and that of maintaining economic stability. In this regard, a simple distinction is sometimes drawn between these twin objectives of fiscal policy, and consequently between the types of fiscal policy to be used in the under-developed and developed countries. It is argued that the industrially advanced countries, having attained the stage of self-sustaining growth, are primarily concerned with the problem of maintaining stability for which they employ compensatory fiscal policies. The prime objective of fiscal policy in the under-developed countries, on the other hand, is to initiate the process of growth and to accelerate its pace through a substantial increase in the rate of investment in the economy. Fiscal policy is, therefore, to be used directly to increase capital formation in the public sector, and indirectly to induce an increase in private saving and investment and its redirection into desired channels.

The above is an over-simplified presentation of a rather complicated issue, and ignores the basic dilemma facing all countries in the formulation of their economic policies. The industrially advanced countries cannot disregard the importance of maintaining a high rate of growth; they do, in fact, assess carefully the impact of stabilization measures on the growth rate. Underlying even their swings of short-term compensatory fiscal policies is a desire to maintain long-term stability conditions which are deemed essential for a high rate of growth. Similarly, the newly developing countries cannot think of growth in continuing inflationary conditions; nor are they quite free to follow their uphill task without changing gears to suit the undulating course of short-term fluctuations in their economic situation.

Among ECAFE countries, postwar policies in Japan show as great an emphasis, if not a greater one, on economic growth as is evident in a number of the newly developing countries in the region. The latter, on the other hand, have had to be constantly vigilant to keep inflation under control. They also passed through a phase of anti-deflationary stabilization programmes in the postwar period designed to stem the decline in economic activity when the Korean war boom burst or when exports sharply fell as in 1958.

The difference in the fiscal policy objectives between the developed and the newly developing countries, therefore, is one of relative emphasis. The over-all objective is the same, namely, the attainment of the optimum rate of growth consistent with a reasonable degree of long-term as well as short-term stability. The under-developed countries naturally tend to lay primary emphasis on development goals, but are forced to pay heed to considerations of stability by the logic of economic circumstances.

Pursuing the objective of economic development has, to a large extent, meant the use of revenue and expenditure policies in all the countries of the region to make possible a high rate of saving and capital formation in the economy together with a rising share for the public sector. Some aspects of the problem of resource allocation between public sector consumption and public sector investment and the mobilization of resources for the government through alternative revenue measures were described in chapters 5 and 6. In this chapter, the discussion is primarily in aggregative terms relating to the twin flows of income and expenditure together, discovering the emergence, magnitude and growth of budget deficits and analysing the impact thereof on the rest of the economy—on the balance of payments and on domestic price levels, and the fiscal measures employed to remedy some of the adverse elements in the situation. The significance of fiscal measures depends on the possibility of combining them with other measures such as credit control and price and distribution controls. There would thus naturally be variations, discussed in the following pages, in the employment of fiscal policy in individual countries; certain broad patterns are, however, discernible.

BUDGET DEFICITS

The countries of ECAFE region, in their attempts to use fiscal policy for directly augmenting the proportion of non-consumption in the economy, had to face the basic problem of rising pressures of demand on the limited resource base. This has been generally reflected in budget deficits in a number of countries. Efforts to balance government budgets were circumscribed by limitations of both an administrative and economic nature. As analysed earlier in chapter 6, the major limitations on the revenue side were the low average levels of per capita income, inadequate taxation of the rich, and political and administrative problems encountered in taxing the poor in countries which are poor altogether.

The deficiencies on the revenue side were compounded by problems on the expenditure side. Expenditure grew substantially with the increase in population, urbanization and growth of the economy. As it is, social services expected from and promised

by national governments of the region also increased. Current government expenditure continued to grow, therefore, in responding to the problems presented by a developing economy and a changing society.

As a result, deficit financing was relied upon to take care of a substantial part of government outlays. Borrowing from the central banks combined with secondary credit expansion by commercial banks exercised an expansionary influence on money incomes and effective demand at home. The inflationary pressure could be worked off only partly through balance of payments deficits, depending upon the availability of foreign aid or foreign exchange reserves; the pressure not thus eliminated resulted in an expansion of disposable monetary incomes, and was reflected, generally though not always, in a rise in money supply and price levels. The weight of domestic inflationary pressure varied with the magnitude of budget deficits, the availability of foreign aid or past accumulations of exchange reserves and the employment and effectiveness of countervailing monetary and non-monetary controls.

This seemingly unavoidable sequence of events may give the impression that budget deficits, and to a certain extent the expansion in money supply and the rise in price levels, simply followed from some basic or institutional inadequacy in the fiscal systems of under-developed countries and did not form a segment of the complex of fiscal policies in ECAFE countries. It is, however, clear that fiscal imbalance was to some extent the result of questionable policy assumptions. As shown earlier, revenue collected still forms only a small percentage of national income in a number of countries. The tax systems also failed to mobilize a significantly increasing proportion of additional incomes created in the process of development. Similarly on the expenditure side, levels of administrative, defence and social service expenditure could have been partially adjusted to modify the size of budget deficit. It is generally overlooked that, to the extent that deficit financing results in an inflationary rise in domestic prices, it is no less regressive than taxes which hurt the poor relatively more than the rich. The decision not to levy higher taxes in general, or taxes on the poor in particular, in favour of larger budget deficits may have been merely an economic mistake or a political compromise. It is true that any alternative course might have been fraught with practical difficulties. Nevertheless, the size, if not the existence, of budget deficits was a matter of deliberate decision, not always arrived at in the light of purely economic considerations.

However, as we saw in chapter 4, it is not the balancing of public sector accounts *per se* which matters. In fact, there are two types of situation

where a government deficit, leading to an increase in money supply, would be quite consistent with the objectives of economic growth and stability.

It is, for instance, possible to consider a part of the expansion in money supply as monopoly profits—which are “taxes” according to fiscal terminology—since the government alone can issue money; or it may be considered as a voluntary gift to the government from the community. To the extent that a community at a given time is willing to hold a large volume of liquid money, either in response to an increase in the monetized sector of the economy or to a rise in the national levels of economic activity, the goods and services obtained by the government, in initially issuing money, become a free gift to it. Predicting such an increase in the demand for holding money, planning authorities in Burma, Ceylon, India and Pakistan have counted a certain amount of monetary expansion among the financial resources for their plan outlays.

The second case is provided by short-term situations where a fall in money incomes arising from deflationary conditions in domestic or foreign trade is counteracted by money-creating budget deficits. India, for instance, experienced certain recessionary tendencies in the economy towards the end of its first five-year plan; the Government thereupon decided to increase the rate of development expenditure and money creation on government account in the fourth year (1954/55) of the plan, mainly to “compensate” for the inadequacy of effective demand in the economy.³ There was, in this case, no conflict between the short-term policy of stability and long-range goal of development.

“Deficit financing”, or more precisely money creation, is often advocated for newly developing economies, or justified on the grounds that it is a measure to divert real resources to the government sector for a specific purpose such as public investment. It is misleading, however, to establish a correlation between money creation and just one component of government expenditure. Money creation, like all revenue items, is only a financial mechanism used for transferring real resources to the government sector, and cannot be related to any one item of expenditure as separated from other items.

Budget deficits have been a feature of fiscal operations in almost all the countries of ECAFE region (see table 38).⁴ The major exception is mainland China, where surpluses were registered in all years

³ See table 41 on page 113.

⁴ The period of the Korean war boom and of its immediate aftermath has been ignored in the table in order to bring out the more regular patterns of budgetary imbalance.

Table 38. ECAFE Countries: Budget Deficits, 1953-1958

Country	1953	1954	1955	1956	1957	1958
(Per cent of government expenditure)						
Burma	11	26	15	42	20	31
Ceylon	14	-10	-11	-3	10	11
China: mainland . .	-1	-6	-1	6	-7	-2
Taiwan	27	27	30	28	32	34
Federation of Malaya .	28	26	8	12	12	22
India	20	24	29	31	33	36
Indonesia	13	23	13	8	20	34
Japan	17	15	21	12	11	15
Korea, southern . .	47	47	47	42	53	48
Laos	29	43	63	58	42	64
Pakistan	20	29	14	21	38	30
Philippines	14	6	9	15	5	4
Thailand	27	27	23	15	26	17
Viet-Nam*	29	68	67	...	40	...
(Per cent of gross national product)						
Burma	2.2	7.5	4.1	10.4	4.8	8.7
Ceylon	3.5	-2.0	-2.1	-0.8	2.6	2.8
China: Taiwan . . .	6.2	7.1	8.1	7.8	9.4	11.2
Federation of Malaya .	3.5 ^b	...	1.5	2.4	2.2	...
India ^c	2.0	2.9	4.0	4.3	5.3	6.0
Indonesia	2.4	3.8	1.7	1.1	3.0	6.7
Japan	4.5	3.9	5.5	2.9	2.6	4.1
Korea, southern . .	6.2	8.1	7.4	6.0	11.9	11.6
Pakistan ^c	2.4	3.5	1.6	2.3	6.0	4.6
Philippines	1.6	0.7	1.1	1.8	0.6	0.4
Thailand	4.4	4.8	3.2	2.1	4.3	2.5

Source: See the explanatory note, page 63.

* See footnote d of table 32 on page 83.

^b Including Singapore.

^c Net national product.

between 1953 and 1958, with the exception of 1956. The existence of a budget surplus in mainland China, however, does not mean the same thing as it does in the other countries of the region. The surplus does not necessarily represent a withdrawal of cash from the economy, since it is credited to the People's Bank which, in its turn, uses it to finance the working capital requirements of the state-operated enterprises. The People's Bank, operating both as a central bank and as a commercial bank, can use not only government surpluses but its own power to issue notes in the discharge of its function of financing state-operated enterprises. The over-all picture may, therefore, indicate a net money creation on government account, even if the government budget shows a surplus.

The magnitude and the trends of budget deficits in other countries of the region have been caused by the developments and the policies affecting government expenditures and revenues described in chapters 5 and 6. In only four countries—Ceylon, the Federation of Malaya, Japan and the Philippines—out of the thirteen countries which showed budget deficits in 1957 or 1958 (see table 38) were the deficits smaller than either a third of government outlay or 5 per cent of gross national product.

Following the practice adopted by national income statisticians, the discussion of budget deficits may be followed by that of government saving, which describes the excess of government revenue over its current or non-investment expenditure. It could be observed that not all governments which incurred budget deficits were able to invest in an amount equal to or larger than budget deficits. In 1958, for instance, southern Korea and Indonesia incurred budget deficits respectively of one half and one-third of total government expenditure; investment outlays were one-third in southern Korea and less than one-tenth in Indonesia.⁵ These countries thus provide examples of government dissaving; that is, even the current expenditure of their governments could not be covered by revenue. In several other countries, however, there was some government saving, although it was not enough to finance the full public investment. In Ceylon, in 1958, for instance, while government investment constituted about one-third of government expenditure, budget deficit was only 11 per cent.

IMPACT OF DEFICIT FINANCING ON THE ECONOMY

DOMESTIC FINANCING OF BUDGET DEFICITS

The impact of a budget deficit on the national economy depends substantially on the method of financing employed. Budget deficits may be financed by domestic borrowing from the public, from commercial banks and from the central bank. Borrowing from the public in the domestic market, insofar as it reduces private spending, transfers real resources to the government. Borrowing from the commercial banks would result in a decline in the liquidity of the banks and should tend to reduce commercial bank lending to the private sector. On this presumption, it is included in borrowing from the public in India. In most ECAFE countries, however, the central banks have pledged themselves to support the security markets, so that commercial banks regard their holdings of government securities as cash. Under such conditions or where banks hold a high ratio of cash to deposits, government borrowing from commercial banks has the same results as borrowing from the central banks, except that the latter creates a base for secondary expansion of credit.

With regard to government borrowing from the public, borrowing of small savings is perhaps the method of financing deficits which has the most direct impact in reducing monetary demand for consumption output. In the newly developing ECAFE countries, savings are scattered over a large area and a large population in small amounts, and require to be pooled. Several governments, through the operation

⁵ See *supra*, table 25 on page 72.

of their small savings schemes, have been able to attract to their treasuries these savings which would otherwise not have materialized at all or which would have remained inactive for a time as currency hoards (or been diverted to gold imports) only to come out in bursts of dishoarding if the price level were to be the least bit threatened. In Ceylon, India and Pakistan, as in Japan, there is a remarkably well-developed network of savings institutions attached to the postal organization. As the postal system attempted to reach the smallest and the remotest administrative unit, savings institutions were made available throughout the country. Post-office savings banks provided banking facilities for small depositors whom commercial banks were unable to reach, and attracted the small savings of peasants and craftsmen. In addition, savings certificates were sold for varying maturities ranging from 5 to 10 years at rates of interest rising with the period. The interest as well as the principal were usually payable at the end of the period. Recently, postal insurance schemes have been added to the variety of savings media provided under the postal savings schemes.⁶

During the postwar period, despite an increase—substantial as it was in India and Pakistan—the net volume of small savings channelled annually to the treasuries forms less than one per cent of the national income in the newly developing ECAFE countries. This failure to rise to a more significant proportion stems from the basic fact that small savings are collected from the relatively poorer sections of the community whose saving margin is small and whose consumption propensities are high. To a large extent, however, the inadequate return in the form of interest earnings has exercised a restraining influence. Where interest payments at simple rates of 5 or 6 per cent are deferred for five to ten years, the net compounded rates work out still lower; they are indeed low as compared with the true rate of interest in the economy, namely, the rate which reflects the scarcity of capital to be loaned for such a length of time, as well as the actual interest rates prevailing outside the artificially supported government bond markets.

EXTERNAL FINANCING OF BUDGET DEFICITS

Financing budget deficits by foreign exchange holdings of the country or by net inflow of foreign aid and loans, provides additional means in real resources, and helps to create an offsetting balance

of payments deficit. If the government uses foreign exchange acquired through any of these means to import goods and services from abroad, there is no increase in effective demand at home. On the other hand, the government may decide to make purchases in the home market, raising effective demand, which is satisfied by letting an import surplus emerge. This in turn is financed by a decline in foreign exchange reserves. In both forms, the final result is the same, although in the latter situation effective demand is raised temporarily. In either case, the net domestic impact of the budget deficit is reduced by the size of the balance of payments deficit, which may be financed by foreign aid or by the running down of reserves.

The amount of external economic aid to ECAFE countries in the six-year period ending with 1958/59 is estimated to have averaged at an annual rate of \$1.1 billion,⁷ of which four-fifths was in the form of grants.⁸ The value of both grants and loans to ECAFE countries tended to rise in the six years for almost all countries.

The increase in foreign aid was the result of increasing international interest in promoting economic growth of under-developed countries and the growing ability of industrially developed countries to provide assistance. Developments in the Asian countries themselves also enlivened interest in the subject of foreign aid. The absorptive capacity for foreign aid was considerably increased by the growth policies pursued by various countries, the improvement of administrative machinery and the assumption of direct responsibilities by governments for providing the nucleus of economic development.

Relative to their size and population, Cambodia, China: Taiwan, southern Korea, Laos and southern Viet-Nam are among the largest recipients of foreign public aid. The aid financed most or all of the budget deficits in these countries; it even exceeded the deficits in several years. Per capita aid, in countries with larger populations and with heavier economic development commitments, is growing, but continues to be small. In these and other newly developing countries, depletion of foreign assets was combined in varying proportions with foreign aid to finance the balance of payments deficits which went together with budget deficits. Countries like

⁶ A significant form of small saving is the premia towards social security schemes which generally cover government servants only, although recently the scope of these schemes has been extended to cover workers in plantations and large industrial establishments. Since there is compulsory payment and no direct or *quid pro quo* obligation to repay, the receipts partake of the nature of taxes, and were discussed under taxes on income in chapter 6, page 99.

⁷ This figure excludes the aid received by the centrally planned economies of the region. The most significant of the credits was received by mainland China from the Soviet Union during the eight-year period of 1950-1957; this credit was of the order of 5.3 billion yuan or about 3 per cent of the recipient country's government revenue during this period.

⁸ Predominance of grants, which characterized earlier years has, however, been reduced somewhat in importance in the recent years. All the same, for the region as a whole grants still remain the major source of foreign public economic assistance.

Indonesia, which could not fall back upon foreign assets to offset their budget deficits, experienced inflationary pressures in their domestic economy; others, like Ceylon, maintained fairly stable domestic price levels at the expense of their foreign assets. The ogre of inflation raised his head only when an attempt was made to arrest the fall by a cut in imports.

FISCAL POLICIES IN OPERATION: SELECTED CASE STUDIES

Having considered, in general terms, the impact of budget deficits in relation to the methods employed in raising domestic finance and in relation to the balance of payments situation, influenced as it was by increasing foreign aid, we may now proceed to a somewhat more detailed review of the actual operation of fiscal policies in the economies of the region. A few case studies below illustrate the variety of situations encountered and the degree of efficacy of the fiscal measures employed. These case studies do not pretend to be comprehensive reviews of all the angles of the specific economic situations or all the measures employed by governments to tackle them as a whole. The situations are viewed only from the vantage point of fiscal policies; other factors are discussed only insofar as they hindered or helped the operation or impact of these policies. In countries like Japan, with well-developed monetary institutions and the heavy reliance of industry on bank borrowing, monetary policies, on the whole, had more potent effect than fiscal policies; in countries like India, the major reliance was placed on controls—covering imports, foreign exchange, capital issues, prices and physical distribution of foodgrains or of essential producer goods such as steel and cement. The present study does not review the full arsenal of the anti-inflationary (or anti-deflationary) armament; it is an appraisal of only the main weapons of fiscal policy.

* * *

The policy of financing budget deficits by money creation is fraught with danger. Unless the magnitude of such deficits is kept within reasonable limits and is adjusted periodically to take the changing economic climate into account, serious pressures may emerge. Foreign exchange reserves can only be drawn upon to the extent of past accumulations which are generally small in the countries of the region. Attempts to preserve foreign exchange, to which the country is soon driven, bottle up inflation within the country giving rise to progressive increases in the cost of living, wages, and cost of production. The operation of this vicious spiral, although delayed by price controls, can hardly be checked unless domestic

production rises, even if only with a time lag. Otherwise, where national output is not rising or is rising at a slow pace, the increase in the price level may gain momentum as the government is forced to resort to larger deficits in an attempt to divert to itself a constant or rising magnitude of real resources.

The experience of *Indonesia* during the last decade provides an illustration of the expansion of government current expenditure while investment both in the public and private sectors was reduced (see table 20 on page 59). Government outlays resulted in sizable budget deficits, which rose from 13 per cent of government expenditure in 1953 to 34 per cent in 1958, or from 2.4 to 6.7 per cent of national income; the size of money creation on government account increased from Rp 2.5 billion to Rp 10.9 billion (see table 39). Various instruments were employed to finance government expenditure in 1953 and 1954; the only money-reducing measure was the prepayments required from importers. These amounted to a forced loan to the Government, so long as the volume of imports was maintained at a given level or continued to increase; if, on the other hand, it decreased as it did in 1956, it was then tantamount to a loan repayment and was expansionary in effect. Other "methods of financing" pursued during these two years—a revaluation of the gold stock, borrowing from the central bank, new issue of treasury currency, and reduction in cash balances of the Government—were all expansionary in character. In 1955, the budget deficit was financed by a tax on importers. All foreign importers, and later all Indonesian importers, were required to deposit with the Government a fixed sum of money, refundable only if import operations were discontinued. This measure was responsible for the temporary respite from inflation in 1956. This tax, like the import prepayments, was only a once-and-for-all receipt; it could not bring in recurring revenue. The Government making net refunds of import prepayments, central banks again financed the government deficits which resumed their upward course. The deficits mounted in 1957 and in 1958; during 1958, economic conditions reached their nadir since the collapse of the Korean war boom in early 1952. The main cause was the rebellion which, although crushed militarily, had serious economic repercussions. The disrupting effects of internal strife only added to the problems of a continuing fall in prices of major exports and the dislocation in the transport and banking system which followed the Government's assumption first of management and later of ownership of certain Dutch enterprises resulting in a mass exodus of Dutch managers and technicians. "Together these developments brought increased budget expenditures, reduced tax revenues, diminished foreign exchange earnings, delays in the development pro-

gramme, and general deterioration."⁹ Investment outlay in 1958 fell to only 9 per cent of government expenditure having risen to 20 per cent in 1954; it declined even in terms of absolute volume.

The rise in budget deficits was largely translated into an increase in money supply in Indonesia as further balance of payments deficits could not be incurred to any substantial extent. Beginning with the onset of the post-Korean-war recession, the Indonesian balance of payments position had been continuously under pressure. The heavy drain on reserves forced the Government to give high priority to the preservation of external stability in formulating economic policies. Some of these policies, for example import surcharges and advance deposits for imports, attacked the basic problem of a high level of effective demand and had the effect of reducing pressure on both the balance of payments and the domestic price level. However, other policies directed towards export promotion through measures such as reductions in export duties helped the balance of payments situation at the expense of government revenue.

Table 39 shows the various factors causative of the increase in the level of money supply in Indonesia. The significant role of fiscal factors emerges; except in 1954, money creation on government account was larger than the increase in money supply. The rate

of increase in money supply had slowed down during 1955 and 1956 with the contraction in the size of government deficits under the stabilization programme. But, with the deterioration in the internal political situation and the increasing need for defence spending, the deficit again increased considerably during 1957 and 1958, reaching record levels.

With such large magnitudes of budget deficits financed by monetary expansion, even an analysis in crude quantity-of-money terms may approximately describe the course of the internal price situation; the price indices continued to rise in Indonesia, although with a time lag and at a slower pace than money supply.

The situation deteriorated further in 1959; it was not so much a pressure on balance of payments, as a continuing rise in internal prices, which was the result of "falling imports, domestic business disorganization, declining estate production, speculative psychological tendencies leading to capital flight and a steeply rising money supply due largely to mounting budget deficits".¹⁰ In August 1959, a series of monetary measures was put into effect simultaneously, including a formal change in the exchange rate. A further once-and-for-all financial gift to the Government was sought by the demonetization of the Rp 500 and Rp 1,000 banknotes by 90 per cent in the same fashion as the 1950 measure which had

⁹ Benjamin Higgins in his Introduction to Douglas S. Pauw: *Financing Economic Development: the Indonesian Case*, 1960, p. 42.

¹⁰ United Nations, *Economic Survey of Asia and the Far East* 1959, p. 45.

Table 39. Indonesia: Causative Factors in the Increase in Money Supply and Economic Indices, 1953-1959

Item	1953	1954	1955	1956	1957	1958	1959		
							First half	Third quarter	Fourth quarter
(Billion rupiahs)									
Money creation on account of the public sector	+2.45	+3.34	+1.76	+2.27	+5.83	+10.86	+5.06	-2.74	...
Money creation on balance of payments account	-1.56	-0.27	+1.03	-1.82	-1.02	+ 0.58	-1.57	+2.77	...
Money creation on account of credit expansion to the private sector	-0.05	+0.43	-1.29	+0.99	+2.24	- 0.85	-0.17	+1.37	...
Miscellaneous	+0.04	-0.03	-0.38	-0.28	-1.53	- 0.14	-0.31	-9.03*	...
Change in money supply	+0.88	+3.47	+1.12	+1.16	+5.52	+10.45	+3.01	-7.62	+5.51
(Indices: 1952 = 100)									
Gross national product ^b	106	115	118	122	131	127	129		
Money supply ^c	113	168	185	203	287	445	490	375	528
Cost of living, Djakarta ^c (food)	112	124	168	165	257	302	315	331	342
Wholesale prices ^c (imported goods)	108	134	149	154	209	347	...	...	...

Source: Bank of Indonesia: annual Reports and quarterly Bulletins.

* Including demonetized currency and frozen bank accounts under the monetary reform of August 1959.

^b At constant 1955 prices.

^c End of the period.

cut in half the value of all banknotes above Rp 2.50. Ninety per cent of bank deposits, whether demand or time, in excess of Rp 25,000 were frozen and converted into a long-term loan to the Government. The differential treatment of currency notes and bank deposits was due to the Government's belief that there was heavy illegal hoarding of large-denomination currency notes by speculators and tax evaders who did not place their money in bank deposits which were liable to official inspection and investigation. The multiple exchange rates as they prevailed after the changes made at this time were reviewed in chapter 6.¹¹ Salaries of employees in state enterprises, including those taken over from the Dutch, were slashed. All these measures had a deflationary effect only for a few months, and at the end of the year prices climbed back to the level reached in August before the monetary "reform" was instituted.

* * *

Among the newly developing countries of the region, Ceylon provides a remarkable example of compensatory offsetting of budgetary and balance of payments situations. The years of export surpluses have been associated with budget surpluses which nullified the inflationary impact of the export surpluses; budget deficits have been allowed to be largely offset by balance of payments deficits. The relative freedom of import trade from direct government controls has generally allowed it to function as a drain for excess demand in the economy.

Taking into account the period since the end of the Korean war, two more or less contrasting patterns of development are discernible. The period

from 1954 to 1956 was characterized by the tea boom; it was a period of sizable export surpluses and accumulation of foreign assets. Export prosperity increased revenues; expenditures were trimmed by the abolition food subsidies (see table 29 on page 80). The inflationary impact of export surpluses was cut down by budget surpluses (see table 38 on page 107). Although money supply increased and food subsidies were abolished, the price level remained remarkably stable. The decline in world prices of rice from their peak levels during this period helped considerably in keeping down the cost of living.

The period since 1956 saw the reintroduction of food subsidies and the re-emergence of budget deficits. The subsidence of the tea boom and the increasing budget deficits brought about balance of payments deficits. Domestic prices rose this time, although rice prices were kept low and the increase in money supply was much more moderate than during the tea boom.

The continued use of a policy of offsetting budget deficits by increasing balance of payments deficits was, however, beset with risks for the economy, unless foreign aid became available in compensating amounts. In 1959, the budget deficit increased sharply as government expenditure both on current and capital outlays was stepped up. The resulting increase in the balance of payments deficits was not sufficient to offset fully the impact of the budget deficit. As a result, money supply rose and foreign assets fell. The almost continuous fall in the foreign assets reduced them from the level of Rs 878 million at the end of 1956 to Rs 337 million at the end of May 1960. To counteract this drain, the Government, in its 1960/61 Budget, imposed prohibitive tax levies

¹¹ See *supra*, page 90.

Table 40: Ceylon: Causative Factors in the Change in Money Supply and Economic Indices, 1953-1959

Item	1953	1954	1955	1956	1957	1958	1959
(million rupees)							
Money creation on account of the public sector . . .	+ 47	-212	- 99	- 28	+106	+124	+319
Money creation on balance of payments account . .	-133	+343	+219	+ 20	-209	- 82	-195
Money creation on account of credit expansion to the private sector	+ 13	-	- 3	+ 62	+ 17	- 15	- 13
Adjustments	+ 4	- 1	- 1	-	- 1	+ 10	- 10
Change in money supply .	- 69	+130	+116	+ 54	- 87	+ 37	+101
(Indices; 1952 = 100)							
Gross national product ^a . .	99	102	108	102	109	114	122
Money supply ^b	93	107	120	127	117	121	132
Cost of living ^b (Colombo) .	99	100	100	99	104	103	104

Source: Central Bank of Ceylon, *Annual Reports*.

^a At 1948 constant prices.

^b End of period.

on inessential merchandise imports; invisible imports were severely curtailed through the tightening-up of exchange control. However, it is not quite certain whether fiscal measures alone will suffice. Suppose they are effective and save foreign exchange by reducing the imports of the commodities taxed to such an extent that government revenue from the taxed items decreases. In the context of Ceylon, in that case, money that would have reduced government deficits and paid for imports of taxed goods, would now be available in the hands of the public. This money would be spent either at home, and thus increase the domestic impact of government deficits, or abroad—on further imports of items which are not as highly taxed—and thus defeat the objective of import saving.

Ceylon also attempted to operate a counter-cyclical fiscal policy during the two complete export cycles which the country experienced between 1950 and 1957. It had some success on the revenue side; the revenue structure in Ceylon—depending largely on the taxation of foreign trade and the matching repercussion of changes in foreign trade on receipts from other taxes, reviewed in chapter 6—has shown a rather high degree of responsiveness to the operation of contra-cyclical fiscal policies. Government expenditure, particularly on investment, on the other hand, moved in the wrong direction; it tended to increase during boom periods, and the increase slowed down or even changed into a decrease during the downward phase of the cycles. This behaviour was quite contrary to the dictates of compensatory financing.

* * *

While budget deficits have become a regular feature of fiscal policies in most countries of the region, only in a few countries could the balance of payments deficits be used fully to offset the domestic impact of budget deficits. In many countries, part of the budget deficits remained uncompensated by a deficit in the balance of payments.

In *India*, a policy of sizable balance of payments deficits was feasible in early years of its planned development because of the substantial foreign exchange reserves accumulated during the war period. To the extent that these reserves were used for the import of capital goods, there was merely a shift from one particular type of national investment to another and of a more productive form. Later, the accelerated flow of foreign grants and loans enabled the country to continue this policy despite heavily reduced exchange reserves.

In *India*, the experience with money creation on government account in order to divert national resources to the war effort had stimulated enthusiasm

for money-creating deficits in the belief that a new instrument had been made available to plan economic development. The Bombay Plan of 1944 was one manifestation of this line of thinking. However, in the preparation of the country's official first five-year plan, net money creation was kept almost negligible. It was felt by the Planning Commission that money creation on government account should not, unless special circumstances arose, exceed Rs 2.9 billion. As this amount corresponded to the planned depletion of sterling balances, no net increase in money supply was involved. As things turned out, however, higher domestic production, particularly in the agricultural sector in 1953/54—the mid-year of the plan—combined with the effects of post-Korean-war recession in international markets, produced a considerable slack in the economy at the then current level of investment. Both investment and the level of money creation were raised in the subsequent two years. According to the Planning Commission, government outlay on the first five-year plan during the first three years of its operations totalled Rs 8.7 billion. The level of government development expenditure was stepped up in the last two years to Rs 11.4 billion.¹² At the same time, money creation on government account rose from a small net decrease of Rs 114 million during the first three years of the plan to an increase of Rs 2.9 billion during the last two years (see table 41). Balance of payments recorded only a minor deficit during 1954 and a small surplus during 1955; the draft on the country's sterling balances was smaller than originally estimated under the plan. As a result, money supply increased by about a fifth. However, with sufficient food to go round, price level at the end of the first plan period was lower than at the beginning.

The faith in money creation grew, although the policy had succeeded only under special circumstances; the second five-year plan allocated it a larger share. The plan aimed at a total outlay of Rs 48 billion—Rs 38 billion for capital formation and Rs 10 billion in current outlays of a recurring character. Rs 12 billion, or 25 per cent of the resources needed for financing this plan, were to be obtained through money-creating deficits in the public sector.

The Planning Commission had anticipated a reduction of sterling balances by Rs 2 billion to finance balance of payments deficits. This reduction was in addition to the balance of payments deficit to be financed by foreign aid. Actual experience, however, indicated that although the balance of payments deficits came out substantially larger than originally provided for, budget deficits put consider-

¹² Government of India, *Review of the First Five-Year Plan*, (1957), p. 23.

Table 41. India: Causative Factors in the Change in Money Supply and Economic Indices, 1951-1959^a

Item	First five-year plan					Second five-year plan ^b			
	1951	1952	1953	1954	1955	1956	1957	1958	1959
(million rupees)									
Money creation on account of the public sector	- 426	+452	-140	+1,020	+1,857	+2,997	+4,956	+3,314	+2,549
Money creation on balance of payments account	-1,611	+ 6	+293	- 230	+ 161	-2,193	-2,598	- 539	+ 159
Money creation on account of credit expansion to the private sector	+ 567	-144	- 83	+ 134	+1,053	+ 894	-1,712	-1,315	- 671
Adjustments	- 279	-705	-223	+ 342	- 434	- 412	+ 113	- 361	- 14
Change in money supply	-1,749	-391	+293	+1,266	+2,637	+1,286	+ 759	+1,099	+2,023
(Indices; fiscal year 1950 = 100)									
Net national product ^c	103	107	113	116	118	124	123	132	...
Money supply ^d	91	89	91	97	110	117	121	126	138
Cost of living ^d	105	100	107	103	97	102	110	113	120
Wholesale prices ^e	109	96	99	95	87	98	103	106	109

Source: Reserve Bank of India: *Annual Reports on Currency and Finance*.

^a Fiscal years beginning 1 April.

^b First four years.

^c At constant 1948/49 prices.

^d End of the period.

^e Calendar years; 1950 = 100.

able pressures on the economy. While these, to some extent, were expected, various factors—some domestic and some external—combined to heighten the stresses and strains in the system earlier than was anticipated.

The second five-year plan commenced with a substantial carry-over of demand overhang from the last two years of accelerated investment financed by budget deficits in the first plan period. Food production had receded from the high level attained in 1953/54. In foreign trade, import prices were on the uptrend in 1955 and in the first half of 1956; terms of trade worsened. The effects of these developments, together with the difficulties created by the Suez crisis at the time the second plan got into operation, were felt in the increased costs of development programmes.

The nature of the plan itself was a factor in accentuating the pressures generated by its mode of financing. The emphasis on the expansion of industry led to the creation of new money incomes largely in the urban areas where it could more readily be available to the banking system as a base for credit expansion. This was in contrast to the emphasis on agriculture during the first plan, where "savings" were more likely to be held in the form of currency hoards. The decline in agricultural production also shifted the distribution of incomes against rural areas. The increased production of producer goods induced further investment demand in the private sector of the economy, which in turn was reflected in higher demand for bank credit. This

demand could be met easily as new money created by the Government in financing its deficits flowed into the banking system as deposits.

The net increase in money incomes is indicated by the increase in money supply during the first two years of the second five-year plan by Rs 2 billion or roughly 10 per cent, which revealed a much slower rate of increase than the rates leading up to a total rise of 66 per cent in money supply anticipated for the five-year period of the second plan.¹³ The increase in domestic money incomes was contained at this level by running down the foreign exchange reserves by a substantially larger amount than was originally planned. However, even this modest increase in money incomes, coupled with the decline in agricultural output in 1957/58, proved a source of strain for the economy. Prices rose.

Plan outlays were readjusted in the light of these developments, and priorities were redefined; the plan was cut down to the "hard core", reducing, in effect, its size by Rs 3 billion. As roughly Rs 15 billion had already been invested during the two years of the plan, this implied a cut of about 9 per cent for the balance of the plan period. The reduction in real terms was in fact larger, as the cost of projects

¹³ An increase of about 25 per cent in money supply was deemed essential to finance the 25 per cent rise in national income anticipated over the plan period. In fact, a larger monetary expansion was indicated as necessary to meet the transaction demand from increasing monetization of the economy and the demand for larger cashholdings, particularly in the rural sector.

had gone up in the meantime; no adjustment were made to take this development into account in the revised estimates.

At the same time, a concerted effort was made to raise additional foreign loans and domestic resources by increased taxation and greater mobilization of public savings through government small savings schemes. Money creation on government account was reduced significantly from Rs 5 billion in 1957/58 to Rs 3.3 billion in 1958/59, although the expenditure on financing the plan increased from Rs 8.5 billion to 9.8 billion.

However, the turn in the situation reached by the end of 1958, when bumper harvests seemed in prospect and when industrial activity picked up with improved availability of imported raw materials, proved only short-lived. The year 1959 and the first half of 1960 again witnessed some decline in agricultural production although the increase in industrial production continued. While the amount of money creation on government account declined, it remained a major destabilizing element. A small surplus in the balance of payments was also secured through a sharp cut in imports, mostly of foodgrains on government account. Inflationary forces were thus strengthened; prices rose again.

India thus tackled its task of economic development by pursuing a flexible fiscal policy combined with direct controls. While, on the whole, the Government succeeded in slowing down the price rise and maintaining a practical long-term stability without

sacrificing economic development, the economy was periodically subject to acute strains; it shared both ups and downs. The confidence in the extent to which money creation could bring about economic development got dented in the process.¹⁴ In the meanwhile, in the first eight years of planning, real national income increased at an average rate of growth of about 3 per cent per annum. The level of saving and investment in the economy went up from a net rate of 5 per cent of national income in 1950/51 to about 10 per cent in 1959/60; cost of living rose at an average rate of 2 per cent per annum.

Pakistan initiated its first five-year plan with a rather low level of foreign assets. These had been depleted during the post-Korean-war recession when liberal imports were combined with government deficits which were incurred in the process of financing price-support schemes aimed at maintaining of producer incomes. Subsequently, while strict import controls were imposed, an attempt was made to reduce the size of the balance of payments deficit.

Pakistan's first five-year plan, covering the period April 1955-March 1960, was announced in the spring of 1956. Its targets were reflected in the Budget for 1956/57 (April-March). Both investment and budget deficit were placed at a higher level than in 1955/56; budget deficits rose more than investment

¹⁴ The ratio of money creating deficits to total public expenditure came down from 25 per cent in the second five-year plan to 8 per cent in the proposed third five-year plan. See Government of India, *Third Five-Year Plan, A Draft Outline*, 1960, p. 47.

Table 42. Pakistan: Causative Factors in the Change in Money Supply and Economic Indices, 1955/56-1959/60^a

Item	First five-year plan				
	1955/56	1956/57	1957/58	1958/59	1959/60
	(million rupees)				
Money creation on account of the public sector.	+161	+416	+679	+191	- 34
Money creation on balance of payments account.	+445	-217	-282	+122	+220
Money creation on account of credit expansion to the private sector	+ 55	+232	- 90	- 57	+165
Adjustments	- 6	+ 23	+ 44	- 57	- 55
Change in money supply	+655	+454	+351	+198	+296
	(Indices; June 1955 = 100)				
Net national product ^b	99	105	106	105	110
Money supply ^c	117	128	137	142	150
Cost of living ^d (Karachi)	105	115	122	114	124

Source: State Bank of Pakistan: *Annual Reports*.

^a 1 July to 30 June. Although Pakistan's first five-year plan was framed in terms of fiscal years beginning with April, the State Bank data are for years beginning with 1 July. Pakistan changed its fiscal year from 1959 to begin with 1 July; the fiscal year 1958/59 was, therefore, of fifteen months from April 1958 to June 1959.

^b Fiscal years. April 1954/March 1955 = 100. At constant average prices of 1949/50 to 1952/53 (fiscal years).

^c End of the period.

because of the rising expenditure on procurement and subsidization of foodgrains. A record budget deficit of Rs 1.5 billion—roughly three times the deficit in 1956/57—was incurred in 1957/58 (April-March) when investment expenditure was raised from somewhat less than Rs 600 million to Rs 1.3 billion. The balance of the rise took place in non-development expenditure, primarily on food subsidies.

The record deficit caused a strain on both the domestic and foreign trade sectors. The cost of living index at Karachi rose by 10 per cent in 1956/57 (July-June) and by another 6 per cent in the following year. The general rise in price level was probably much larger, as the cost of living index, heavily weighted in favour of food groups, was stabilized through rationed food supplies at subsidized rates. In foreign trade and balance of payments, absorption of export commodities in the domestic market due to a high level of effective demand brought about larger deficits than planned. Foreign exchange reserves touched a low level of Rs 726 million in September 1958 when they were deemed barely sufficient to provide cover for the currency.

The 1958/59 budget deficit was, therefore, reduced by 25 per cent; it was of the same size as in 1957/58, but spread over a period of fifteen months (April 1958-June 1959). This reduction was secured through an increase in taxation, an improvement in revenue collection, a cut in subsidies, and economy in non-development expenditure. Investment outlay was also reduced to some extent. This over-all financial control, combined with credit restraint and other policies in the field of commerce and industry, was successful in bringing down the Karachi cost of living in June 1959 to a level below that of June 1957. This fall in prices was, to some extent, the consequence of dishoarding of stocks, and other impact effects of the strict measures taken by the new Government. Prices rose in 1959/60 (July-June), as the precipitous decline of late 1958 and early 1959 was corrected and a surplus achieved in the balance of payments by tightening up of imports and prices and movement of wheat in west Pakistan decontrolled. This last measure, which went into effect in May 1960, raised the prices of foodgrains used in the compilation of the cost-of-living index.

On the whole, Pakistan, like India, has kept economic development in view. Its deficit financing has been tempered by the concern to maintain a degree of stability, although price levels remained under pressure, mainly because agricultural production, particularly food production, did not rise. The policies pursued in both countries, however, remained products of expediency. The tone in any given year was set by the food situation on the domestic side and by conditions that were confronted in export

markets; economic policies had constantly to be improvised to meet threats of domestic inflation or a crisis in the balance of payments. For most of the time, and to a large extent, the outcome of the policies evolved remained a gamble—on the weather, on the changes in the terms of trade and on the availability of foreign aid.

* * *

Japan occupies a unique position in the region as the one country which had attained substantial industrial growth in the prewar period. Japan's experience in the postwar period is, therefore, comparable more with the industrially developed countries of North America and western Europe than with other countries of the ECAFE region. Having completed its recovery by the early 'fifties, Japan entered the phase of its growth where cyclical fluctuations, characteristic of private enterprise industrial economies, constituted a major economic problem. Fiscal policy had, therefore, to be geared to make adjustments to short-term factors disturbing economic stability.

The quest for stability and the consequent need to use compensatory fiscal policies was only one aspect of Japan's economy. In another respect, Japan's problems were somewhat similar to those of the newly developing countries of the ECAFE region. Japan, despite a highly industrialized economy, shared with them the fundamental problem of a basic imbalance between population and resources. Prewar Japan had worked out a stable pattern of factor proportions in its economic structure based on foreign trade and colonies, and was confronted with a big change at the end of the war, since capital had been destroyed and colonies lost, whereas the work force was growing rapidly. The basic problem of Japan, as in other countries of the region, was therefore the achievement of a high rate of development designed to absorb the growth in the labour-force. It was an urgent and pressing problem as a low rate of growth would be powerless to solve a severe unemployment or under-employment problem, but too high a rate, while contributing most to improve the employment situation, would bring about inflationary pressures at home and imbalance in external payments.

This was the fundamental dilemma faced by fiscal policy in postwar Japan, as in other ECAFE countries. It was possible to pursue purely compensatory fiscal policies, which, in this background, would have merely achieved price and balance of payments stability at the cost of domestic stagnation; they were, however, adjusted to fit in with the long-range perspective of economic growth.

The monetary and fiscal history of Japan since the end of the Second World War can be broken down into two periods; the period up to 1954 of acute situations and drastic remedies, and the period since 1954 of "inflationless prosperity".

In the former period, anti-inflationary policies were pursued in order to counteract, first, the postwar inflation and later the inflation under the impact of the war operations in Korea. The postwar inflation was halted in 1949 by the adoption of a policy of outright deflation under the Dodge Plan. In the 1949/50 Budget, sometimes known as the "super-balanced budget", an attempt was made to consolidate and extend budget control over special accounts which were responsible for much of the government deficit. Government expenditure was reduced; investment programmes in public works, railways and communications were curtailed. The use of United States aid counterpart funds was restricted to currency stabilization and economic rehabilitation; its use for foreign trade subsidization was forbidden. This in effect meant an increase in taxation and the tailoring of the expenditure to the amounts collected in revenue.

The disinflation ended as abruptly as it had begun with the outbreak of hostilities in Korea in June 1950. There was a sharp expansion of foreign demand not only for "special procurement" requirements of the United Nations forces for the war in Korea, but also from the rest of the world for Japanese manufactures. Exports increased from the second quarter to the fourth quarter of 1950 by about 60 per cent; a small export surplus was registered for the first time in the second half of 1950. Off-shore and other procurement brought in additional foreign exchange in 1951. Since imports were controlled, the accruals of foreign exchange were used to increase credits to the commercial banks to finance increased trade and industrial activity. With the profits gained from the Korean war boom, Japanese industry pressed home the advantage and engaged in a modernization programme. The Government relaxed import restrictions in order to facilitate this investment expansion and to reduce inflationary pressures. It also provided investment funds through several financial institutions established during this period. Commercial banks also continued to lend to industry. The Korean war had demonstrated the need to expand production capacity, and the Government was determined to play an active part in achieving results in this direction; investment loans and advances rose from 14 per cent of total government expenditure in 1948/49 to 23 per cent in 1949/50, 37 per cent in 1950/51 and 40 per cent in 1951/52. In all other respects, its expenditure policy underwent a radical change to cope with the new problem of inflation. The Government curtailed its expenditure, particularly on price adjustment

subsidies.¹⁵ The Bank rate was also raised early in 1951. Nevertheless, the wholesale price index rose by about 50 per cent in the first year after the outbreak of the Korean war.

The position, however, changed radically from the middle of 1952. The increase in national economic activity—caused by widespread investment demand in public and private sectors, including the demand for accumulating inventories—led to a worsening of trade balance. Foreign exchange reserves, which had exceeded the billion dollar mark in 1952, fell to \$700 million in 1953. Inflation had made it difficult to maintain a high level of exports. Output that might have been available for export was absorbed within the country. High prices reduced the competitiveness of many of the products, and encouraged imports. As a countermeasure, therefore, the budget outlay for the fiscal year 1954 was cut; and an attempt was made to balance receipts and expenditures. The use of the bond market to finance outlays was avoided. Surplus funds collected earlier were not released. The main cut now affected fiscal investments and loans. More important than these fiscal measures, however, were the monetary measures; a tight money policy was introduced in October 1953; credit was cut and the Bank rate was raised twice from 7 per cent in early 1954 to 8.5 per cent by June 1954. The reliance of industry for funds on banks, and of banks on the Central Bank, helped the disinflationary monetary policy to be put across without much difficulty. The job was effectively done. Wholesale prices declined; the gap at current rates of exchange between domestic and foreign prices narrowed, and exports became more competitive in world markets. The lower level of domestic demand also encouraged exports. The gradual removal of restrictions on imports of Japanese goods in the Sterling Area countries allowed Japan to gain an increasing share in many markets. These favourable developments helped to produce, annually from 1954 to 1956, an export surplus in the balance of payments although the receipts from special procurement expenditures declined.

The period of almost continuous boom since 1954 was made possible by the utilization of the capacity, built up during the Korean war boom, to meet the demand for exports without fresh investments that would have given rise to inflationary forces. Concurrently, rapid advances in productivity made more goods and services available. The economy had gathered momentum. It was, from now on, possible to finance expansion from current savings without recourse to deficit financing or an increase in bank credit. As the larger industries increased their

¹⁵ These subsidies, which had accounted for 22 per cent of government expenditure in 1949/50, fell to 8 per cent in 1950/51 and to only 3 per cent in 1951/52.

internal resources for investment, the direction of government investment and loans in the 1955 and 1956 budgets shifted in favour of small and medium-sized industries (see table 26 on page 74). Government investment was increased in the so-called foundations of the economy as a qualitative supplement to private capital. Attention was also paid to strengthening foreign trade financing. Tax reforms were introduced in order to encourage saving and capital accumulation at all levels of income. Balanced budgets and avoidance of bond issue were the official policy in these two budgets.

The use of current savings for investment curbed excessive domestic demand and avoided inflationary conditions. The steady and substantial increase in imports was also anti-inflationary. All these factors kept prices steady, and for the first time in the postwar period in Japan, the Government succeeded in keeping monetary demands for consumption and non-consumption in the country within the limits set by available resources. The receipts from exports, instead of generating sizable new investment as during the Korean war boom or increasing consumption, were absorbed by the banking system. Deposits with banks increased relatively more than loans, borrowing from the Bank of Japan declined, and interest rates were reduced. Both financial stability and growth had been achieved hand in hand.

The first half of 1957 again witnessed an investment and inventory boom, and the balance of payments worsened. An emergency policy, this time to improve the balance of payments, was put into effect. Interest rates were raised in May, and restrictions were placed on importers by increasing advance deposit requirements and curtailing the availability of credit facilities to them. Foreign exchange allocations for some of the raw materials, such as cotton and wool, were reduced in the latter half of 1957. The Government, in its budgets for 1957 and 1958, aimed at a surplus without increasing the tax burden. Government investment was postponed or staggered; restraint was exercised in granting fiscal loans. Disbursements were kept to the needed minimum.

The policy succeeded too well; the economy, in fact, slipped into a recession in 1958. The credit squeeze really hurt. Inventories declined; idle industrial capacity increased; and unsold stocks of manufactured goods piled up. The trade imbalance had already changed into a payments surplus in the first quarter of the year; the need was now for an anti-recession policy. The Bank of Japan reduced the Bank rate twice during the year, and gradually relaxed the restrictions on bank credit expansion. Government loans to the private sector were again on the increase. Central and local governments raised and

moved forward some of the expenditure on public works to step up activity.

The expansionary effects of government expenditure encouraged further growth and precautionary measures were taken to prevent a resumption of inflationary pressures. The reserve requirements ratio was fixed for the first time in September 1959 and the discount rate was increased in December. The growing demand for Japanese manufactures abroad and the rising domestic demand provided the necessary impetus for increased industrial production in 1960. The export expansion, however, had become steadier, even though investment demand continued to be high. The Bank of Japan reduced the Bank rate in August, indicating that some relaxation was now possible. There was a general move to liberalize imports. The 1960 budget was larger than that of the previous year by about 10 per cent, and attached importance to public works projects and expenditure which would improve land conservation and agriculture. A 14 per cent increase in loans and investments was also planned. This increase of public outlay was calculated to make up for the slower rates of growth in private industry and trade.

The emphasis among objectives of fiscal and monetary policies in Japan has thus gradually shifted during the postwar years. In the period immediately after the war, the chief preoccupation was the search for stability and the ending of the rampant inflation. A parallel and an equally important aim was to promote investment both in the private and public sectors, even if this gave rise to inflationary pressures in the short run. When prices finally threatened to get out of hand, a drastic deflation was introduced in 1949. Anti-inflationary policies were pursued during the boom period of the Korean war.

The private sector, which had been sustained by the Government till this period, was from now on set on its own feet, and was given government aid only as and when necessary. Fiscal and monetary policies aimed only at providing the basic conditions of stability which would enable the private sector to maintain a high level of economic activity. Apart from the current expenditure which showed a secular upward trend, the Government, especially in the later 'fifties, was in a position to increase the total volume of expenditure and stimulate economic activity, or reduce it so as to avoid inflationary conditions. When the economy sagged, the Government took prompt action to set it on the march again; monetary and fiscal restrictions went into effect if inflationary conditions developed and the price level came under pressure.

It may, however, be noted that postwar business "recessions" in Japan have been of much shorter duration and need not even be called so in the

accepted sense of the term. There was never a serious fall in consumption. On the contrary, consumption rose steeply through the years, and was an element providing stability. Government expenditure expanded in many directions; the increase was distributed all over the country through local government spending. Effective demand did not become a limiting factor. The so-called recessions were periods rather of readjustment or of levelling off of expansion rates. When imbalances were observed in the trade sector or when the volume of investments grew beyond the level that could be sustained, they were quickly corrected.

The current endeavour of the Japanese economy is to press forward in the pursuit of economic growth with stability. As in any developed private enterprise economy, adjustments will continually be called for. Government planning has of late attempted to assist the private sector by framing projections of how economic growth may affect the various industries and other key activities in the next few years. These projections, without being planned targets, are intended to influence individual decisions in the private sector to be taken in conformity with the anticipated aggregate pattern of growth.

* * *

Fiscal policy assumes a completely different significance in a centrally planned economy. It is no longer designed to influence and modify indirectly the allocation and distribution of available resources, but to attack the problem of allocation directly according to the objectives and in the light of priorities set by the government. The planners are in a position to go behind the financial magnitudes and make assessments in real terms; the government predetermines the ratio of non-consumption or non-saleable output in the economy.

Despite the state ownership of most productive capacity and the central allocation of resources, centrally planned economies are not altogether immune from the basic problem of a developing economy, namely, how to achieve a rapid rate of growth without creating inflationary pressures in the economy. If all goods and services were subject to direct distribution by government agencies, no problem of inflationary pressures and imbalances would arise. However, as a rule, consumer goods and labour are not directly allocated in centrally planned economies but are exchanged for money. Hence the need for a financial plan as a counterpart to the plan for the physical allocation of resources, and for fiscal operations as a check on the emergence of distortions in the relationship between money flows and availabilities of goods and services constituting the saleable output.

Mainland China evolved its fiscal policy to cope with the problems of transition from a private enterprise economy to a socialist economy and of the adjustment of this policy to the task of economic development. In 1949, when the Central People's Government assumed control over mainland China, it had to face the problem of rehabilitating a badly war-torn under-developed economy in which the means of production were by and large privately owned (see table 23 on page 68). The war with Japan (1937-1945) and the civil war that followed it had seriously damaged industry, agriculture and transport, and the economy had by 1949 reached a stage of hyper-inflation. The first task of the new Government was quite simply to restore as quickly as possible the normal processes of economic life. During this period, therefore, it operated a conservative fiscal rehabilitation programme on the lines familiar in other countries of the region and gave a high priority to achieving and maintaining a budget surplus. The measures included the institution of a unified and simplified taxation system, and the adoption of a comprehensive programme for centralizing control over national revenue and expenditure. Expenditure was reduced under various economy drives, and austerity standards of pay for government employees were introduced through the "public supplies" system under which the Government provided daily necessities and a limited sum of disposable money. There was a large issue of "Victory Bonds" in commodity equivalent units instead of monetary units; the strain on government finance was also relieved by a Soviet loan. On the supply side, a network of large monopolistic state-trading companies was formed to keep the supply channels running. These state-trading companies proved a powerful instrument of fiscal policy in collecting agricultural surplus in the form of profits.

While this programme was continuing, the Government in mainland China entered the Korean war in October 1950 and inflationary pressures were accentuated. Considerable efforts were made by the Government to counter these pressures. High taxation, large profits of state-trading monopolies and the "army-donation campaign" were all used to increase revenues. The government sector was extended through the "Five-Anti" campaign referred to in chapter 5.¹⁶ Efforts were also made to reduce expenditure; national subventions to local governments were curtailed. These measures were successful in converting the deficit in 1950 to surpluses in 1951 and 1952.

The stabilization period was followed by the initiation of the first five-year plan in 1953. During the subsequent period, while both total expenditure

¹⁶ See *supra*, page 68.

and its proportion directed to capital expenditure were raised every year, an attempt was made to maintain the overall financial balance with the help mainly of larger profits "earned" by the expanding socialized sector of the economy. At the end of 1955, however, it was realized that the investment programme had been lagging behind the plan targets; considerable increase was made in expenditure in 1956, with the result that a sizable deficit was reported in that year's budget. This was accompanied by an increase in note circulation. As saleable output was reduced directly by larger investment outlays, distortions in the supply-demand relationship in the economy outside the direct control of the Government were bound to emerge. There was a general shortage of subsidiary food items such as meat and egg products, of other consumer goods such as cotton and woollen cloth, leather shoes, paper and bicycles, and of producer goods such as pig iron, steel, timber and cement. This maladjustment between supply and demand for a number of commodities led to the establishment of free markets operated under the leadership of state commercial enterprises or supply and marketing co-operatives. The effect was to allow peasants to sell, in towns, their own production of minor local products and products from their secondary occupations; the petty merchants were permitted to deal in goods not under state control in trade between urban and rural areas; and producers were left free to transact business direct with consumers, and *vice versa*. In the same year, the policy of "free and selective" purchases by state commercial departments from state and joint state-private industrial enterprises was also initiated to induce the

production of a larger variety of improved quality consumer goods at appropriate prices to meet the diversified demand.

Finally, an increase in wages had to be granted. The average pay of workers and employees in state departments and enterprises was raised by 14 per cent in 1956. As a result of this decision, the average wage for such workers and employees was reported to have risen in 1956 by 37 per cent over 1952.¹⁷

As it was realized that inflationary pressures were tending to create serious problems, investment programmes were cut in 1957, and emphasis in production was shifted to consumer goods industries. It was decided by the Government that, in 1956 and 1957—the last two years of the plan, the ratio between investment in heavy and light industry should be lowered to 7:1 as against 8:1 as originally planned. This change in emphasis, besides increasing supplies of saleable output, was designed to augment government revenue through larger profits of light industrial undertakings.

The result was the restoration of the over-all surplus in the state budget, although it was obtained at a slightly reduced level of total expenditure. This policy of obtaining surpluses was carried through the years 1958 and 1959, years which were aided by a sharp increase in output.¹⁸

¹⁷ *Ten Great Years*, *op. cit.*, p. 216.

¹⁸ It must, however, be remembered that budgetary surpluses in mainland China are of a different category from those in the countries of the region. See *supra*, pages 106-107.

ASIAN ECONOMIC STATISTICS

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UNITS AND SYMBOLS EMPLOYED

Unless otherwise stated "tons" relate to metric tons, and "dollars" relate to United States dollars.

The following symbols have been used throughout:

- * = 12 months beginning 20-23 March of the year stated.
- † = 12 months beginning April of the year stated.
- ‡ = 12 months ending September of the year stated.
- § = 12 months ending June of the year stated.
- Mn = million.
- I, II, III, and IV for quarters of years.

- . = not applicable.
- ... = not available.
- = nil or negligible.
- r = revised figures from this issue.
- Figures in italics are provisional or unofficial.
- Figures in brackets are from national sources.

Substantial breaks in the homogeneity of a series are indicated either by a horizontal line across the column or by vertical double lines in a row of figures.

SOURCES

To ensure comparability, data compiled or published by the United Nations Statistical Office have been incorporated wherever feasible; material supplied by governments, publications of governments, of the United Nations specialized agencies and of international commodity study groups have been used as additional sources.

REGIONAL STATISTICS

1. REGIONAL STATISTICAL SERIES

Annual and quarterly figures

	1952	1953	1954	1955	1956	1957	1958	1959	1959		1960		
									III	IV	I	II	III
POPULATION (Midyear, million)													
Including mainland China . . .	1,365	1,387	1,411	1,433	1,462	...	...	...	.	.	.	.	.
Excluding mainland China . . .	796	804	816	825	841	854	865	878	.	.	.	.	.
AGRICULTURAL PRODUCTION^a													
Index of agricultural production (1952/53—1956/57=100)													
All commodities	93	98	100	104	107	105	109	113	.	.	.	.	.
Food	92	99	100	103	107	105	109	113	.	.	.	.	.
Per capita food	95	100	100	102	104	100	103	105	.	.	.	.	.
Cereals (million tons)													
Rice (paddy)	99.9	111.3	104.3	113.2	119.5	110.1	124.3	128.3	.	.	.	.	.
Wheat	14.7	15.7	17.7	18.4	18.6	19.6	17.8	20.8	.	.	.	.	.
Maize	6.5	7.1	8.0	7.1	8.1	8.2	9.4	9.3	.	.	.	.	.
Millet and sorghums	15.1	18.5	18.2	15.5	15.4	16.6	18.0	16.8	.	.	.	.	.
Starchy root crops (million tons)													
Potatoes	5.6	5.8	5.8	5.9	5.9	6.8	7.2	6.8	.	.	.	.	.
Sweet potatoes and Yams	13.4	12.8	13.3	15.3	15.7	15.0	15.8	16.6	.	.	.	.	.
Cassava	9.7	11.8	12.8	12.4	12.1	13.3	14.5	15.3	.	.	.	.	.
Oilseeds (million tons)													
Groundnuts (in shell)	3.6	4.2	5.0	4.7	5.1	5.5	5.9	5.5	.	.	.	.	.
Copra	2.4	2.3	2.6	2.6	2.8	2.7	2.2	2.2	.	.	.	.	.
Tea (thousand tons)	552	553	615	634	634	651	660	650	219	180	89	149	197
Tobacco (million tons)	0.6	0.6	0.7	0.8	0.8	0.8	0.8	0.8	.	.	.	.	.
Fibres (million tons)													
Cotton (lint)	1.1	1.2	1.4	1.3	1.3	1.4	1.3	1.1	.	.	.	.	.
Jute	2.4	1.5	1.6	2.3	2.3	2.2	2.4	2.1	.	.	.	.	.
Natural rubber (thousand tons) .	1,708	1,640	1,735	1,815	1,771	1,783	1,799	1,923	494	544	442	437	447
INDUSTRIAL PRODUCTION													
Index of industrial production ^b (1953=100)													
Mining and manufacturing	89	100	110	123	145	166	168	200	202	215	231	234	236
Mining	94	100	100	116	133	149	150	156	158	163	168	169	174
Manufacturing	89	100	111	124	147	168	171	206	208	222	240	243	245
Food beverages, tobacco	91	100	100	115	124	131	136	142	124	141	196	132	129
Textiles	88	100	111	122	137	144	138	152	156	180	158	163	165
Paper and paper products	80	100	114	131	151	168	169	209	216	226	231	238	248
Chemicals, petroleum and coal products	85	100	113	133	159	184	192	217	219	232	251	258	259
Non-metallic mineral products .	90	100	115	120	141	165	170	192	192	209	214	225	224
Basic metals	90	100	110	119	140	155	149	196	204	220	230	247	260
Metal products	81	100	116	126	177	231	243	344	362	400	416	457	487
Coal (million tons)	85.3	88.5	85.3	85.9	92.8	103.1	103.2	104.4	25.8	26.8	27.7	28.1	27.5
Iron ore (million tons)	7.77	7.70	8.41	8.91	10.34	11.55	12.09	15.73	4.18	4.14	4.80	5.22	5.80
Tin in concentrates (thousand tons)	105.1	104.4	109.9	109.6	108.5	104.1	73.1	72.7	17.7	21.2	21.1	22.2	24.1
Petroleum, crude (million tons) .	15.90	17.59	20.19	34.50	46.17	57.64	63.18	69.54	17.53	18.19	18.85	18.47	19.31
Salt (thousand tons)	5,043	5,246	4,692	5,023	5,553	6,810	7,604	6,490	...	...	...	...	...
Sugar (thousand tons)	3,806	4,192	3,979	4,800	4,931	5,131	5,292	5,963	622	1,382	2,774	1,114	...
Cotton yarn (thousand tons) . . .	1,070	1,225	1,351	1,386	1,497	1,597	1,487	1,596	397	416	407	417	429
Cotton fabrics (million metres) .	6,606	7,545	8,153	8,188	8,889	9,268	8,259	8,441	2,119	2,154	2,126	2,251	2,228
Jute manufactures (thousand tons)	992	942	1,013	1,145	1,268	1,209	1,255	1,321	337	345	340	349	349
Paper excluding paper board (thousand tons)	962	1,231	1,367	1,575	1,758	1,967	2,029	2,489	638	665	667	667	...
Vegetable oils (thousand tons) . .	839	879	969	1,084	1,150	1,317	1,198	1,200	313	300	314	341	354
Cement (million tons)	12.7	14.8	17.7	17.9	21.0	24.5	25.6	29.2	7.2	8.1	8.0	8.7	8.8
Steel (ingots & metal for castings) (thousand tons)	8,616	9,234	9,520	11,209	12,957	14,408	14,063	19,249	5,019	5,515	5,979	6,161	6,538
Tin metal (thousand tons)	64.7	64.9	74.5	74.5	76.9	74.3	49.2	48.4	13.1	13.8	16.5	18.6	23.2
Electricity (thousand million kWh)	63.5	69.0	74.9	82.5	93.0	104.0	109.1	119.6	30.5	31.9	32.3	34.4	35.3
TRANSPORT^c													
Railway traffic (thousand million)													
Passenger kilometres	152.8	158.4	164.4	172.0	183.1	191.1	197.5	205.3	50.9	51.5	55.0	57.0	...
Freight ton-kilometres	96.5	101.0	99.5	108.8	118.9	131.7	132.7	139.7	33.4	36.0	40.0	34.9	...
International sea-borne shipping (million tons)													
Freight loaded	31.6	44.2	49.5	64.5	67.6	76.3	55.5	84.3	20.6	20.2	22.6	...	...
Freight unloaded	52.8	65.9	69.0	75.3	88.1	105.3	90.7	107.2	27.1	29.6	31.3	...	...
EXTERNAL TRADE													
Total value (million US dollars)													
Exports	8,099	7,342	7,650	8,863	9,379	9,939	9,258	10,592	2,731	3,062	2,809	2,900	2,891
Imports	10,029	9,295	8,959	9,671	11,414	13,547	11,021	11,603	2,920	3,154	3,266	3,447	3,377
Quantum index^d (1953=100)													
Exports	99	100	110	125	133	143	138	154	156	170	152	159	...
Imports	98	100	106	110	129	145	125	138	138	147	150	157	...
Unit value index^e (1953=100)													
Exports	110	100	99	102	100	99	94	97	101	105	107	107	...
Imports	108	100	96	96	97	101	96	92	91	92	96	99	...
Terms of trade ^f (1953=100) . . .	101	100	103	107	103	97	98	106	111	114	112	109	...

REGIONAL STATISTICS

1. REGIONAL STATISTICAL SERIES (Cont'd)
Annual and quarterly figures

	1952	1953	1954	1955	1956	1957	1958	1959	1959		1960		
									III	IV	I	II	III
EXTERNAL TRADE (Cont'd)													
Direction of trade*													
(million US dollars)													
Exports to:—													
ECAFE countries	2,974	2,590	2,570	2,726	3,028	3,250	2,868	3,065	776	861	852	861	893
Western Europe (including U.K.)	1,863	1,759	1,789	2,135	2,198	1,120	1,993	2,230	560	698	635	553	568
U.K.	840	744	845	1,004	1,004	922	1,002	1,107	279	347	297	247	247
U.S.A.	1,390	1,238	1,172	1,530	1,532	1,652	1,630	2,175	591	574	570	603	537
Sterling area	2,851	2,339	2,691	2,964	2,990	3,191	2,998	3,286	863	974	854	875	935
Imports from:—													
ECAFE countries	3,121	2,835	2,726	3,097	3,491	3,842	3,443	3,626	920	1,047	1,041	1,032	1,007
Western Europe (including U.K.)	2,436	2,221	2,188	2,202	2,590	3,183	2,419	2,615	652	706	714	796	724
U.K.	1,073	930	902	955	1,193	1,323	1,033	1,093	275	198	300	327	307
U.S.A.	2,193	1,800	1,813	1,990	2,414	3,371	2,572	2,454	644	580	710	803	829
Sterling area	2,914	2,682	2,400	2,659	3,076	3,613	2,866	3,195	830	902	858	914	874
Export of primary products*													
Quantum index (1953=100)													
General	98	100	102	108	109	112	106	109	110	119	117	113	107
Food	96	100	107	108	115	120	114	118	119	132	131	126	115
Agricultural materials	101	100	99	109	105	101	99	103	105	115	101	101	93
Mineral products	95	100	95	100	111	133	112	106	99	93	142	129	155
Unit value index (1953=100)													
General	118	100	100	108	102	102	99	108	108	117	109	110	109
Food	100	100	105	95	91	93	92	88	89	91	81	82	89
Agricultural materials	131	100	97	119	111	110	102	125	125	140	138	139	130
Mineral products	109	100	93	95	101	102	108	104	100	111	95	91	98
Quantity of exports (thousand tons)													
Food													
Fish, fresh or simply preserved	145	153	164	180	173	172	279	232	58	57	69	55	51
Rice and rice products	2,945	2,654	2,987	3,294	3,244	3,988	3,064	3,442	949	892	1,102	1,152	953
Sugar	1,255	1,755	1,604	1,689	1,632	1,804	1,959	1,757	259	361	536	655	278
Tea	394	436	459	409	458	420	457	452	124	148	101	81	117
Spices	62	59	47	80	90	88	74	97	23	31	24	14	18
Agricultural materials													
Hides and skins, raw	22	24	24	22	20	20	18	22	5	8	6	7	4
Oilseeds, oil nuts & oil kernels	1,143	1,017	1,219	1,232	1,416	1,396	1,092	1,001	275	360	264	300	337
Rubber, natural	1,692	1,611	1,688	1,782	1,699	1,737	1,689	1,930	495	513	440	414	407
Wood and lumber	1,094	1,481	1,732	2,023	2,251	2,359	3,321	4,003	1,237	1,021	957	1,266	954
Cotton, raw	321	379	222	320	265	204	223	162	38	25	52	58	31
Jute, raw	841	982	892	981	958	785	906	809	162	290	239	182	124
Hemp, raw	127	132	122	135	143	141	109	113	25	28	36	25	25
Vegetable oils, not essential	495	404	499	602	515	450	417	392	93	119	75	74	107
Mineral products													
Iron ore	3,152	3,728	3,540	4,399	5,636	6,631	5,877	7,661	2,248	1,740	1,950	2,296	3,703
Tin ore and concentrates	46	45	45	44	45	42	27	30	9	9	10	9	11
Manganese ore	1,463	1,593	1,006	936	712	1,742	976	986	246	203	226	360	320
Coal	2,729	2,201	2,063	1,562	1,940	1,655	1,800	1,556	395	375	443	317	362
Crude petroleum	5,670	6,963	7,083	8,367	10,027	12,408	12,478	9,825	1,715	2,093	3,485	2,964	3,329
GOLD AND FOREIGN EXCHANGE													
ASSETS* (end of period, million US dollars)													
	5,442	5,104	4,941	5,365	5,168	4,036	4,286	5,137	4,775	5,137	5,254	5,342	5,615

GENERAL NOTES: In general, the regional statistical series cover the countries of the ECAFE region except mainland China, Nepal and, in most cases, Afghanistan and Iran; in some cases, other countries have also been omitted because of lack of data. Except in the case of mainland China, countries omitted from the regional series are, from the point of view of the series, usually less important. To ensure comparability, the countries included in different periods for each series are the same.

a. Crop year except rubber and tea beginning from the year stated. FAO source except rubber and tea for which the International Rubber Study Group and the International Tea Committee figures are used respectively.

b. This index compiled by the United Nations Statistical Office, covers Afghanistan, Brunei, Burma, Ceylon, China-Taiwan, Federation of Malaya and Singapore, Hong Kong, India, Indonesia, Iran, Japan, Republic of Korea, Pakistan, Philippines, Sarawak, Thailand and Republic of Viet-Nam. For more detailed statistics and explanatory notes see United Nations Monthly Bulletin of Statistics.

c. For countries covered see table 14 below.

d. Based on quantum and unit value indexes of exports and imports, compiled by governments for Burma, Ceylon, China-Taiwan, Federation of Malaya and Singapore, India, Indonesia, Japan, Republic of Korea (since 1957), Pakistan, Philippines, Thailand and Republic of Viet-Nam. (Quantum indexes for Indonesia, Korea and Pakistan are derived from unit value indexes.) These national

indexes are combined to form the regional index with the dollar values of exports and imports in the base year 1953 as weights. Exports and imports of the countries included in the index account for 89 and 90 per cent of total exports and imports of the region respectively, excluding Afghanistan, mainland China, Iran and Nepal, in the base year. Intra-regional trade is not deducted.

e. For countries covered see table 18 below. Prior to 1955, including data on Customs Union of Cambodia-Laos-Viet-Nam.

f. Exports of 18 primary products and food from 20 countries and territories (excluding Afghanistan, mainland China and Nepal) are included in the index. To minimize the effect of transit trade, only export of domestic produce is included for Hong Kong and net export of rubber is used for the Federation of Malaya and Singapore. The quantity of exports of each item is totalled for 19 countries and territories and relatives have been then weighted by the total value of exports of each commodity in 19 countries and territories in terms of United States dollars in 1953 to form the quantum index. The unit value index is obtained by dividing the index of total value of exports in United States dollars by the quantum index. The commodities included in the index account for 44 per cent of the total value of exports from the 16 countries. (If Hong Kong and Japan are excluded, the percentage is increased to 57.)

g. Includes Burma, Ceylon, China-Taiwan, Federation of Malaya and Singapore, India, Indonesia, Iran, Japan, Republic of Korea, Pakistan, Philippines, Thailand and Republic of Viet-Nam. Figures prior to 1955 exclude Viet-Nam.

III

197

447

236

174

245

129

165

249

259

224

260

487

275

5,60

241

19,31

...

...

429

2,228

349

...

...

2,891

3,377

...

...

...

POPULATION

2. AREA AND POPULATION

	Area (km ²)	Latest census		Estimates of midyear population (thousand)							
		Date	Population	1937	1954	1955	1956	1957	1958	1959	1960
Afghanistan	650,000 ^a			10,972	...	...	(13,000)	13,000	13,000	13,150	...
Brunei	5,765	27/11/1947	40,657	35	58	63	68	73	77	83	...
Burma	678,033	1/ 2/1953	2,940,704 ^b	15,635	19,464	19,658	19,856	20,054	20,255	20,457	20,662
Cambodia	172,511	-/ 4/1959	4,845,000 ^c	3,046 ^{cl}	4,100	...	4,359	4,600	4,740 ^{cl}	4,845 ^{cl}	(4,945)
Ceylon ^d	65,610	20/ 3/1953	8,097,895	5,725	8,520	8,723	8,929	9,165	9,388	9,612	...
China: Mainland	9,561,000	30/ 6/1953	582,603,417 ^e	446,930	594,840	608,185	621,225	643,000	669,000	...	...
China: Taiwan ^f	35,961	16/ 9/1956	9,863,264	5,530	8,617	8,907	9,240	9,506	9,851	10,232	10,611
Federation of Malaya ^g	131,313	17/ 6/1957	6,278,758	4,083	5,775	5,923	6,093	6,279	6,499	6,698	...
Hong Kong ^h	(1,031)	7/ 3/1931	849,751	1,135	2,277	2,340	2,440	2,583	2,748	2,857	2,981
India ⁱ	3,263,373	1/ 3/1951	356,741,669	303,626	377,130	382,390	387,350	392,440	397,540	402,750	408,050
Indonesia	1,491,562	7/10/1930	60,412,962	67,398	80,500	81,700	83,500	85,500	87,800	90,300	92,600
Iran ^j	1,648,000	1-15/11/1956	18,954,704	16,200 ^{kl}	17,896	18,325	18,765	19,216	19,677	20,149	20,633
Japan ^k	369,661	1/10/1955	89,275,529	70,040	88,000	89,000	90,020	90,880	91,760	92,740	93,600
Korea ^m	220,891	1/10/1944	25,120,174 ^{nl}	21,528	...	28,000 ⁿ	31,400	32,500 ⁿ	31,100 ⁿ	31,948 ⁿ	...
Republic of Korea ^a	96,929	1/ 9/1955	21,526,374	...	21,796	21,526 ^{nl}	21,982	22,329	23,216 ^{nl}	23,852 ^{nl}	24,502 ^{nl}
Laos ^p	236,800			1,012 ^{pl}	(1,505)	(1,550)	(1,600)	(1,655)	(1,690)	1,760	...
Nepal	140,798	28/ 5/1952- 28/ 5/1954	8,256,625	6,000	8,445	8,555	8,666	8,787	8,910	9,044	...
North Borneo	76,112	4/ 6/1951	334,141 ^q	295 ^q	364	372	383	397	409	419	429
Pakistan ^r	944,824	28/ 2/1951	75,842,165 ^{sl}	...	81,186	82,240	83,280	84,450	85,635	86,823	(88,040)
Philippines	299,681	15/ 2/1960	27,455,799	15,445	21,720	22,241	22,775	23,322	24,010	24,718	25,448
Sarawak	(124,970)	14/ 6/1960	(744,391)	440	602	614	626	640	655	(703)	(744)
Singapore ^t	581	17/ 6/1957	1,445,929	651	1,248	1,306	1,372	1,446 ^{tl}	1,514	1,580	...
Thailand	514,000	25/ 4/1960	25,519,965	14,492	19,925	20,302	20,686	21,076	21,474	21,881	22,295
Viet-Nam ^u	326,034			18,972 ^{ul}	26,000	26,300	26,600	26,900 ^u	26,600 ^u	26,960 ^u	...
Republic of Viet-Nam	170,806			...	(9,934)	12,000	(12,300)	(12,600)	12,900	13,790	...

Source: United Nations Statistical Office, except those in brackets which are from national sources.

General Note: For details and explanatory notes, see United Nations Demographic Yearbook 1959.

a. UN estimate.

b. *De jure* population in 252 towns approximating the urban area of the Union, these are the results of the first stage of a multi-stage sample census. In the second stage enumeration carried out 1 February 1954, an additional 2,908,001 persons were enumerated in 3,159 village tracts, 2,143 of which were in Burma proper and 1,016 in Kachin State. The last regular census of Burma was in 1941.

c. Estimated from results of a demographic sample survey covering 345 villages, and supplementary administrative reports.

cl. Mid-year 1936 estimate.

c2. Estimated from provisional results of an April 1953 demographic sample survey in 3,460 villages, supplemented by administrative reports.

c3. Estimated from results of an April 1959 demographic sample survey in 345 villages, supplemented by administrative reports.

d. Population excluding non-resident military and shipping personnel. Census figure relates to population actually enumerated; total, both sexes, including 0.7% adjustment of under-enumeration is 8,154,580.

e. Population registered, plus estimate of 8,397,477 for persons living in outlying areas where local registration offices were not established. No adjustment has been made for 0.1% estimated net under-enumeration. Source: Hsin Hsu Monthly.

f. Comprising islands of Taiwan and Pescadores. Estimates exclude armed forces and, beginning 1946, foreigners. Census figure including Quemoy and Matsu Islands.

g. Population excludes transients afloat and service personnel in service establishments.

h. Estimates excluding armed forces.

i. Area including Kashmir-Jammu. Census population relates to *De jure* population actually enumerated (excluding a 1.1 per cent adjustment for net under-enumeration) in area excluding Kashmir-Jammu, the part "B" tribal areas of Assam where census could not be taken, and settlements of Karikal, Mahé, Pondicherry and Yanam which did not become part of India until 1 November 1954 (population estimated at 323,000 in 1951). Estimates including Sikkim, and Kashmir-Jammu, the final status of which has not been determined.

j. Population excludes nomads, numbering 440,175 for both sexes at 1956 census.

jl. 21 March estimate.

k. Population excludes Allied military and civilian personnel and their dependants stationed in the area. Census population relates to population actually enumerated, not including 0.39 per cent adjustment for under-enumeration.

m. Data are for resident Korean nationals only.

nl. *De jure* population.

n. Population excludes alien armed forces, civilian aliens employed by armed forces, and foreign diplomatic personnel.

nl. Census 1/9/1955.

n2. 1 September estimate.

p. 1953-1958 figures are from national sources, all revised upward from previous estimates because of the following reasons: (1) Reintegration of the two provinces of Phongsaly and Samneui; (2) Immigration of 200,000 people from Thailand; (3) includes persons less than 20 years old not recorded in previous estimates, this group is estimated to comprise more than 50% of the total population of Laos.

pl. 31 December estimate.

q. Excluding 1,442 transients and 66 men of British armed forces.

ql. Excluding population of Labuan acquired from Straits Settlement in 1946 (population 7,507 at 1 April 1931 census).

r. Data are for territory excluding Kashmir-Jammu (population estimated at 4,410,000 in 1951, area 222,380 km²), the final status of which has not yet been determined, Junagadh, Manavadar, Gilgit, Baltistan and the port and peninsula of Gwadar acquired from Muscat and Oman on 8 September 1958.

sl. Including an estimate of 1,759,932 for population of Frontier Regions only partially covered by census, but excludes adjustment for under-enumeration in urban areas amounting to 5 per cent or 393,166 persons.

t. Present territory, i.e. Singapore Island only, excluding Christmas Island which ceases to be part of the Colony on 1 January 1959 and was transferred to Australia on October 1958. Population excludes transients afloat and non-locally domiciled military and civilian services personnel and their dependants, numbering 3,466 and 27,299 respectively, at 1957 census.

tl. Census 17/6/1957.

u. Comprising former Annam, Cochinchina and Tonkin.

ul. for 1936-37.

3. CRUDE RATES OF LIVE BIRTHS AND DEATHS PER ANNUM

POPULATION

Number of Live Births or Deaths per 1,000 persons

	Brunei	Burma	Ceylon	China: Taiwan ^a	Fed. of Malaya ^b	Hong Kong ^c	India ^d	Iran ^e	Japan ^f	North Borneo	Philippines ^g	Sarawak	Singapore ^h	Thailand
(1) LIVE BIRTHS														
1935-39 . . . . .	...	32.1 ^{ik}	35.6	44.7	40.2	26.7 ^j	33.8	...	29.2	...	32.3	...	46.0	34.9
1940-44 . . . . .	...	...	36.6	41.7 ^j	39.4 ^j	25.2 ^j	29.1	26.9 ^j	30.1	...	32.5 ^j	...	44.9 ^j	35.2
1945-49	45.2 ^j	36.1 ^{ik}	38.2	40.2 ^j	40.6 ^j	25.3 ^j	27.0	27.3	30.1	19.1 ^j	25.6 ^j	14.1 ^j	46.4 ^j	25.1
1950	50.7	39.6 ^h	39.7	43.3	42.3	26.8	24.9	31.8 ^m	28.2	26.6	21.9	22.2	45.3	28.4
1955	57.3	37.1 ^h	37.3	45.3	44.0	39.7	27.0	46.4	19.4	31.6	(33.0)	22.9	44.3	34.2
1956	59.6	35.9 ^h	36.4	44.8	46.7	39.7	20.1	34.8	18.5	32.5	(33.3)	25.2	44.4	37.4 ⁿ
1957	45.5	36.0 ^h	36.5	41.4	46.2	37.9	19.8	39.6	17.2	37.3	(32.1)	24.0	42.7	(36.9)
1958	56.8	36.6 ^h	35.8	41.7	43.3	38.8	21.5	42.8	18.0	39.5	(31.9)	28.5	41.3	(36.7)
1959 . . . . .	...	37.6 ^h	36.9	41.2	42.2	36.6	25.7 ^p	43.3	17.5	31.9	...	26.8	39.5	...
1960														
June . . . . .	...	...	...	32.1	...	31.1	27.7 ^p	21.2	15.0 ^p	...	...	...	36.9	...
Sept. . . . .	...	...	...	39.6	...	45.5	...	...	16.8 ^p	...	...	...	39.3	...
(2) DEATHS														
1935-39 . . . . .	...	22.0 ^{ik}	24.5	20.2	20.8	29.1 ^j	22.6	...	17.4	...	16.7	...	22.1	16.4
1940-44 . . . . .	...	...	19.7	18.3 ^j	20.1 ^j	35.8 ^j	22.6	12.6 ^j	16.3	...	16.6 ^j	...	20.8 ^j	17.3
1945-49	19.7 ^j	37.7 ^{ik}	16.0	13.7 ^j	17.5 ^j	8.6 ^j	17.4 ^j	8.5	16.7	13.3 ^j	12.4 ^j	6.0 ^j	12.5 ^j	13.3
1950	18.1	46.8 ^h	12.4	11.5	15.9	8.2	16.1	9.5	10.9	11.9	8.2	11.2	12.0	10.0
1955	14.0	21.1 ^h	10.8	8.6	11.7	8.2	11.7	11.1	7.8	11.0	(9.6)	7.1	8.1	9.2
1956	13.2	21.8 ^h	9.8	8.0	11.6	7.9	9.1	7.7	8.0	10.2	(9.6)	6.6	7.5	9.8 ⁿ
1957	15.6	21.4 ^h	10.1	8.5	12.4	7.5	10.2	8.6	8.3	9.4	(10.4)	6.6	7.4	(10.3)
1958	11.8	19.4 ^h	9.7	7.6	11.0	7.5	11.9 ^p	8.9	7.5	7.9	(9.1)	6.2	7.0	(9.7)
1959 . . . . .	...	17.7 ^h	9.1	7.2	9.7	7.1	12.1 ^p	8.5	7.4	8.6	...	6.1	6.4	...
1960														
June . . . . .	...	...	...	7.1	...	6.6	11.1 ^p	3.4	6.4 ^p	...	...	...	6.6	...
Sept. . . . .	...	...	...	6.9	...	7.5	...	...	6.2 ^p	...	...	...	5.6	...

Source: United Nations Statistical Office, except figures in brackets which are from national sources and may not be comparable with other figures.

a. Excluding armed forces and beginning 1949 excluding foreigners, and also liveborn infants dying before registration of birth.

b. Prior to 1941, territory of former British Malaya, i.e. including Singapore. Rates are computed on population excluding transients abroad, enemy prisoners of war, and, prior to 1955, service personnel in service establishments.

c. Rates computed on civilian population.

d. Data are for a changing group of states and territories, which, in 1957, included a population of about 356 million. Birth registration completeness varies between 65 and over 90 per cent.

e. Births prior to 1952 and deaths prior to 1950 are for years ended 20 March. Births beginning 1952 and deaths beginning 1950 are for years ended 21 December.

f. Japanese nationals in Japan only. Beginning May 1952 including Tokara Archipelago and beginning 1954 including Amami Islands acquired from Ryukyu Islands on 5 December 1951 and 25 December 1953 respectively.

g. Since 1955 data derived from the number of births and deaths compiled by the Bureau of Health.

h. Beginning 1957, annual data exclude non-locally domiciled military and civilian services personnel and their dependants.

i. Registration area only, representing 82.5% of total population at 1931 census.

j. Average of less than 5 years.

k. Data for certain towns only, numbering 49 in 1950, 61 in 1955, 74 in 1956, 68 in 1957, 62 in 1958, 50 in 1959 and having a present population of approximately 2 million.

m. For year ended 20 March 1951, but computed on 1950 midyear population.

n. Registered rates; rates estimated from demographic analysis of results of 1947 census and 1956 Demographic and Economic Survey are 42 for births and 20 for deaths.

p. Not computed by the Statistical office of the United Nations.

EMPLOYMENT, NATIONAL ACCOUNTS 4. EMPLOYMENT End of period

	1954	1955	1956	1957	1958	1959	1959		1960				
							III	IV	I	II	III	Oct	Nov
CHINA^a (Taiwan, thousand)													
Mining	53	55	66	74	74	74	74	74	71	76	...	...	...
Manufacturing	258	258	260	261	261	263	262	263	266	270	...	...	...
Transport	64	66	68	71	73	77	75	77	77	77	...	...	...
FEDERATION OF MALAYA^a (thousand)													
Estate ^a	287	309	309	307	314	311	...	...	...	...	...	...	...
Rubber	268	278	280	277	282	282	...	...	...	...	...	...	...
Tin mining	35	40	40	38	26	21	...	...	...	...	...	...	...
Government . . . . .	...	171	171	189	187	182	...	...	...	...	...	...	...
INDIA (thousand)													
Factories under Factory act ^d . .	2,590	2,690	3,402	3,480	3,413	3,554	...	...	...	...	...	...	...
Cotton mills ^d	741	758	807	813	767	763	767	772	767	759	783	781	777
Coal mines ^e	341	348	352	370	364	364	361	358	379	375	378	385	...
Central government ^f . . . . .	...	...	...	...	...	...	...	...	...	...	...	...	...
Office workers	221	251	281	300	313	328	323	328	330	331	...	...	...
Manual workers	412	396	388	389	401	415	410	415	419	423	...	...	...
JAPAN^a (million)													
All industries	39.6	40.9	41.7	42.8	43.1	43.7	44.5	44.2	42.1	45.7	45.8	46.4	45.4
Agriculture, forestry and hunting .	16.5	16.9	16.4	16.1	15.5	15.4	16.2	15.8	13.2	16.2	15.6	16.4	14.9
Mining	0.6	0.5	0.5	0.6	0.5	0.6	0.6	0.5	0.6	0.5	0.5	0.5	0.6
Manufacturing	7.0	7.1	7.6	8.1	8.6	8.5	8.6	8.5	8.7	9.2	9.2	9.2	9.3
Construction	1.7	1.8	1.8	2.0	2.0	2.2	2.2	2.1	2.3	2.2	2.3	2.3	2.5
Commerce	6.3	6.7	7.0	7.3	7.5	7.6	7.8	7.7	7.9	7.9	8.0	8.0	7.9
Transportation, communication and other public utilities	1.9	1.9	2.1	2.2	2.2	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.3
Services (non-government)	3.8	4.3	4.6	4.9	5.0	5.2	4.9	5.3	5.1	5.2	5.7	5.7	6.0
PHILIPPINES													
Index of employment ^a (1953=100)	77	81	81	77	72	68	68	67	68	68	67	...	...
Mining	106	106	107	113	113	119	116	120	125	122	120	...	...
Manufacturing . . . . .	...	...	...	...	...	...	...	...	...	...	...	...	...
THAILAND^a (thousand)													
Mining	14.7	15.8	16.6	17.4	14.9	14.1	14.0	14.1	14.3	15.0	15.3	15.9	...

- a. Staff and permanent workers.
b. June for 1954, August for 1955, July for 1956 to 1959.
c. Comprising rubber, oil palm, coconut, tea and pineapple.
d. Daily averages.
e. Average daily employment in all coal mines governed by the Indian Mines Act. Monthly figures are slightly short of total coverage.
f. Regular Central government establishments excluding railways. Office workers comprise administrative, executive and clerical staff; manual workers comprise skilled, semi-skilled workers.

- g. Average for the week ending on the last day of the month, except for December when the week prior to holiday seasons was chosen.
h. Comprising all full and part-time employees who were on the payroll i.e., who worked during, or received pay for, the pay period ending nearest the 15th of the month. Excluding proprietors, self-employed persons, domestic servants and unpaid workers.

5. NATIONAL INCOME

	Burma	Cambodia ^a	Ceylon	China: ^b Mainland	China: ^b Taiwan	India	Indonesia	Japan	Korea, Republic of	Pakistan ^c	Philippines	Thailand ^d	Viet-Nam, Republic of
	million kyats	million riels	million rupees	million yuan	million new Taiwan dollars	thousand million rupees	thousand million rupiah	thousand million yen	thousand million hwan	million rupees	million pesos	million baht	million piastres
1938	1,213	8,017	...	...	724 ^e	...	2.7 ^d	20	...	...	...	855	...
1946 . . . . .	...	...	...	...	...	...	...	361	...	...	4,202	9,284	...
1947	2,631	...	...	...	...	...	...	968	...	...	5,364	14,407	...
1948	3,132	...	...	...	...	86.5	...	1,962	...	...	5,511	16,868	...
1949	2,901	...	...	...	...	90.1	...	2,737	...	17,238	5,464	20,064	...
1950	2,744	...	3,752	...	6,106	95.3	...	3,382	...	18,324	5,922	23,377	...
1951	3,199	10,759	4,440	...	8,942	99.7	...	4,525	...	18,161	6,487	24,746	...
1952	3,520	11,413	4,296	61,130	13,047	98.2	...	5,085	...	18,482	6,554	25,907	...
1953	4,033	11,654	4,376	70,040	17,882	104.8	...	5,748	357.2	19,447	7,015	29,186	...
1954	3,917	13,022	4,551	73,880	18,807	96.1	...	6,022	508.1	19,857	7,145	28,864	...
1955	4,126	11,516	5,167	78,800	22,561	98.8	...	6,714	883.3	19,516	7,624	36,400	54,435
1956	4,466	12,790	4,885	88,750	26,041	113.1	...	7,574	1,109.3	20,785	8,288	37,957	59,486
1957	4,581	14,524	4,829	...	29,982	114.0	...	8,220	1,469.6	20,987	8,764	39,544	...
1958	4,453	14,307	5,181	...	32,827	124.7	...	8,505	1,507.2	20,917	9,323	40,202	...
1959	4,637	14,689	5,384	...	38,513	...	...	9,991	1,572.7	21,897	9,768	43,344	...

Sources: United Nations Statistical Office and official national sources except for the following: China (Mainland) Lu Kuang, "China's National Income, Peking Review No.6, 8 April 1958.

Time references: Cambodia, Ceylon, China (mainland & Taiwan), Indonesia, Republic of Korea, Philippines and Republic of Viet-Nam: calendar years; Thailand: fiscal year beginning 1 April for 1938, and calendar years from 1946; India and Pakistan: fiscal years beginning 1 April; Japan: calendar year for 1938, fiscal years beginning 1 April from 1946; Burma: fiscal years beginning 1 April for 1938, and fiscal years ending 30 September from 1947.

- a. Gross domestic product at factor cost prices of 1956.
b. Total net value added at 1952 prices originating from industry, agriculture, construction, goods transport and communication and trade only.
c. At factor cost prices of 1949/50-1952/53.
d. Net domestic product at factor cost.
e. 1937, in per-war Taiwan yen.

6. INDUSTRIAL ORIGIN OF NET DOMESTIC PRODUCT

NATIONAL ACCOUNTS

Millions

Country, currency and year	Total	Agriculture, forestry, fishing	Mineral	Manufacturing	Construction	Transportation, communication, utilities	Wholesale and retail trade	Ownership of dwellings	Public administration and defence	Other services
BURMA^a (kyat)		^b				^c				^c
1956	5,162	2,101	77	552	160	141	1,368	194	480	89
1957	5,429	2,269	82	658	165	139	1,311	203	508	94
1958	5,299	2,179	82	649	177	147	1,198	210	559	98
1959	5,493	2,382	95	690	165	151	1,096	215	600	99
1960	5,852	2,534	100	710	165	185	1,170	220	665	103
CAMBODIA^a (riels)						^c				^f
1956	12,790	6,169	71	1,053	419	...	1,754	...	1,787	1,537
1957	14,524	6,978	90	1,157	479	...	2,230	...	1,833	1,757
1958	14,307	6,734	90	1,191	470	...	2,121	...	1,978	1,723
1959	14,689	6,078	148	1,165	499	...	2,879	...	2,092	1,828
CEYLON^a (rupees)										
1952	4,414	2,301	6	196	396	242	475	73	260	465
1953	4,485	2,426	4	216	368	247	403	80	258	483
1954	4,653	2,571	5	215	351	247	369	80	308	507
1955	5,246	2,810	7	312	443	279	386	97	368	544
1956	4,998	2,475	7	234	459	300	413	108	426	576
1957	5,175	2,552	7	218	479	319	429	125	435	611
1958	5,443	2,677	4	244	512	341	432	124	466	643
1959	5,705	2,750	5	287	556	370	454	129	473	681
CHINA^a (Taiwan, new Taiwan dollars)										
1956	27,813	9,100	608	5,084	1,348	1,794	4,380	...	3,202	2,297
1957	32,414	10,211	727	6,314	1,472	2,471	4,981	...	3,555	2,683
1958	35,463	10,950	827	6,510	1,564	2,806	5,363	...	4,026	3,317
1959	41,667	12,460	971	8,231	1,837	3,074	6,551	...	4,713	3,830
CHINA (mainland, yuan)		^b								
1952	61,130	36,189	—	11,003	1,834	2,445	9,659	...	...	...
1956	89,750	42,689	—	23,430	4,970	3,905	13,756	...	...	...
INDIA (thousand million rupees)		^b								
1956	113.0	55.2	1.2	—	18.8	—	18.5	4.8	6.1	8.4
1957	114.1	52.9	1.4	—	19.8	—	19.5	4.9	6.6	9.0
1958	124.8	61.9	1.3	—	20.1	—	19.9	5.0	7.3	9.3
INDONESIA (rupiah)										
1951	64,081	34,439	1,548	6,120	865	2,067	10,754	2,903	3,939	1,446
1952	79,198	45,580	1,846	6,700	945	2,538	10,943	3,318	5,305	2,023
1953	84,073	47,221	1,882	7,168	1,468	3,483	10,803	3,868	5,893	2,287
1954	91,918	52,177	2,007	7,633	1,625	3,953	11,065	4,214	7,069	2,175
1955	121,520	67,630	2,761	13,674	1,882	4,678	14,601	6,101	7,574	2,619
1956 (thousand millions)	141.0	76.1	5.6	14.9	—	—	—	44.4	—	—
1957 (thousand millions)	165.6	84.7	8.3	18.3	—	—	—	54.3	—	—
1958 (thousand millions)	175.0	105.5	5.3	14.1	—	—	—	50.1	—	—
1959 (thousand millions)	204.0	114.2	5.1	16.3	—	—	—	68.4	—	—
JAPAN (thousand million yen)										
1956	7,607	1,455	167	1,968	383	716	1,204	—	1,714	—
1957	8,258	1,532	200	2,147	419	832	1,263	—	1,865	—
1958	8,540	1,561	178	2,136	460	885	1,307	—	2,013	—
1959	10,030	1,657	182	2,714	556	1,028	1,554	—	2,339	—
KOREA, REPUBLIC OF^a (thousand million hwan)										
1953	368.9	173.0	4.0	27.5	9.2	10.0	56.1	31.0	27.3	28.8
1954	527.9	207.5	5.0	46.4	19.4	16.1	82.0	55.6	47.7	48.2
1955	892.0	399.5	7.5	81.5	33.0	33.9	127.7	63.6	61.4	83.9
1956	1,152.4	531.8	11.4	107.8	37.0	41.6	171.5	76.3	69.5	105.5
1957	1,526.9	662.4	16.8	134.2	60.8	71.0	211.8	107.4	114.0	148.5
1958	1,574.3	645.0	19.2	147.2	67.1	86.8	187.0	118.3	124.7	179.0
1959	1,647.1	595.8	26.0	168.7	81.6	94.3	199.3	126.2	149.7	205.5
1960	1,891.7	655.3	29.3	232.0	76.1	105.3	295.7	129.4	154.2	214.4
PAKISTAN^a (rupees)										
1956	21,189	12,122	46	2,347	...	583	1,997	1,124	1,164	1,806
1957	21,345	11,954	51	2,438	...	609	1,987	1,139	1,318	1,849
1958	21,456	11,735	52	2,545	...	643	1,971	1,159	1,463	1,888
1959	22,630	12,477	61	2,823	...	667	2,112	1,178	1,377	1,935
PHILIPPINES^a (pesos)										
1956	8,288	3,049	122	1,195	296	286	999	713	679	949
1957	8,764	3,050	142	1,418	329	321	1,092	727	687	998
1958	9,323	3,138	138	1,728	285	338	1,103	759	740	1,094
1959	9,768	3,411	167	1,663	311	360	1,172	782	756	1,146
THAILAND^a (baht)										
1956	42,500	17,982	698	5,320	1,379	2,310	8,040	...	2,355	4,417
1957	44,670	17,765	698	5,741	1,909	2,600	8,617	...	2,343	4,997
1958	45,458	18,459	520	6,011	1,669	2,661	8,675	...	2,431	5,032
1959	49,010	19,507	652	6,842	1,814	2,932	9,495	...	2,643	5,125
VIET-NAM, REPUBLIC OF^a (piastres)										
1955	55,081	15,551	88	5,254	1,301	2,201	14,217	2,010	9,498	4,961
1956	60,257	18,182	143	5,839	1,044	2,181	15,864	2,049	9,870	5,085

Sources and time reference: See table 5.

a. Gross domestic product at market prices.

b. Including milling and marketing of forest produce.

c. Private transportation included in "Other services".

d. Gross domestic product at 1956 factor cost.

e. Transportation and communications are included under all other sectors.

f. Ownership of dwellings included under "Other services."

g. Gross domestic product at factor cost.

h. Total net value added at 1952 prices originated from agriculture, industry, construction, goods transport and communication, and trade only.

i. Including processing, marketing and ancillary activities performed.

j. At factor cost prices of 1949/50-1952/53.

k. Utilities included under "Manufacturing".

m. Construction included under "Other services".

n. Including all services of general government.

p. National income.

q. Banking insurance and real estate services included under "Wholesale and retail trade".

NATIONAL ACCOUNTS

7. EXPENDITURE ON GROSS DOMESTIC PRODUCT

Millions

	Consumption expenditure		Gross fixed capital formation	Increase in stocks	Exports less imports of goods and services	Gross domestic product at market prices	Less indirect tax net of subsidies	Less depreciation	Less net factor income payments abroad	Net national product at factor cost (national income)
	Private	General government								
BURMA (kyats)										
1956	3,383	688	952	— 22	161	5,162	— 394	— 290	— 12	4,466
1957	3,865	746	1,018	67	— 267	5,429	— 545	— 302	— 1	4,581
1958	3,606	846	1,135	48	— 336	5,299	— 514	— 318	— 14	4,453
1959	3,600	875	1,015	110	— 107	5,493	— 506	— 325	— 25	4,637
1960	3,986	971	1,034	51	— 190	5,852	...	— 344	...	...
CEYLON (rupees)										
1953	3,672	619	475	27	— 77	4,717	— 232	— 71	— 38	4,376
1954	3,555	599	436	34	374	4,997	— 344	— 56	— 47	4,551
1955	3,969	629	549	50	412	5,608	— 362	— 18	— 61	5,167
1956	3,762	809	550	34	— 12	5,143	— 145	— 57	— 55	4,885
1957	4,127	856	661	...	— 262	5,382	— 207	— 295	— 51	4,829
1958	4,145	924	683	...	— 89	5,663	— 220	— 221	— 41	5,181
1959	4,448	960	806	...	— 158	6,056	— 328	— 300	— 44	5,384
CHINA (Taiwan, new Taiwan dollars)										
1956	23,032	6,132	4,007	851	— 1,667	32,302	— 4,489	— 1,767	— 5	26,041
1957	26,994	7,125	5,044	1,209	— 2,323	38,049	— 5,635	— 2,369	— 63	29,982
1958	28,818	8,296	6,381	1,193	— 3,074	41,673	— 6,210	— 2,613	— 23	32,827
1959	33,436	9,798	8,478	1,240	— 4,451	48,697	— 7,030	— 3,132	— 22	38,513
INDIA (thousand million rupees)										
1956 . . . . .	...	7.9	...	...	— 4.1	...	— 7.7	...	0.1	113.1
1957 . . . . .	...	9.2	...	...	— 4.5	...	— 8.9	...	—	114.0
JAPAN^b (thousand million yen)										
1956	5,510	945	2,231	722	— 68	9,339	— 873	— 789	— 32	7,574
1957	5,970	987	2,727	468	— 15	10,136	— 965	— 942	— 39	8,220
1958	6,298	1,081	2,773	32	230	10,415	— 1,049	— 1,050	— 35	8,505
1959	6,837	1,177	3,510	890	149	12,561	— 1,183	— 1,263	— 39	9,991
KOREA, REPUBLIC OF (thousand million hwan)										
1953	337.9	36.8	28.6	17.3	— 36.9	383.7	— 16.8	— 15.4	5.7	357.2
1954	457.3	66.3	62.0	12.7	— 37.8	560.5	— 32.6	— 26.0	6.2	508.1
1955	807.2	97.9	107.2	16.1	— 91.8	936.6	— 44.6	— 42.3	13.6	863.3
1956	1,154.2	133.4	128.5	— 31.3	— 178.7	1,206.1	— 53.7	— 56.8	13.7	1,109.3
1957	1,371.5	204.6	200.9	45.5	— 206.8	1,615.7	— 88.8	— 71.5	14.2	1,469.6
1958	1,394.7	250.6	219.4	10.4	— 168.3	1,706.8	— 132.5	— 81.1	14.0	1,507.2
1959	1,437.7	294.3	265.0	— 29.9	— 127.1	1,840.0	— 192.9	— 88.9	14.5	1,572.7
PHILIPPINES (pesos)										
1956	7,873	800	777	95	— 8	9,537	— 677	— 441	— 131	8,288
1957	8,523	853	890	146	— 293	10,119	— 747	— 480	— 128	8,764
1958	8,950	911	851	38	— 84	10,666	— 748	— 487	— 108	9,323
1959	9,109	931	901	90	+ 130	11,161	— 742	— 522	— 129	9,768
THAILAND^b (baht)										
1956	29,400	4,400	5,322	561	— 200	42,500	— 2,417	— 2,125	— 200	37,757
1957	33,579	3,151	6,434	788	— 520	44,670	— 2,893	— 2,233	— 253	39,291
1958	35,233	4,710	6,670	443	— 1,495	45,458	— 2,983	— 2,273	— 150	40,052
1959	37,657	5,122	7,334	638	— 1,288	49,010	— 3,216	— 2,450	— 136	43,208
VIET-NAM, REPUBLIC OF (piastres)										
1955	53,625	14,058	4,912	...	— 8,331	64,264	— 6,338	— 2,845	— 646	54,435
1956	59,266	13,208	4,021	...	— 7,076	69,419	— 6,335	— 2,827	— 761	59,496

Sources and time reference: see table 5.

b. Items do not reconcile on account of statistical discrepancy.

a. Including statistical discrepancy.

8. COMPOSITION OF GROSS DOMESTIC CAPITAL FORMATION

NATIONAL ACCOUNTS

Millions

Country, currency and year	Gross domestic capital formation	FIXED CAPITAL FORMATION								Increase in stocks	
		By type of capital goods					By type of purchaser				
		Dwellings	Non- residential buildings	Other construc- tion and works	Transport equipment	Machinery and equipment	Private enter- prises	Public corpora- tions	Govern- ment enter- prises		General govern- ment
BURMA (<i>kyats</i>)											
1956	930		601			351	433	353		166	22
1957	1,085		616			402	509	297		212	6
1958	1,183		664			471	600	296		239	48
1959	1,125		615			400	456	335		224	110
1960	1,085		...			...	454		580		51
CEYLON (<i>rupees</i>)											
1953	502.3	182.2		143.5	42.3	107.0	230.1			244.9	27.3
1954	469.5	217.1		99.2	26.9	92.3	191.5			244.0	34.0
1955	598.7	302.0		124.4	15.0	107.3	250.3			298.4	50.0
1956	583.6	297.4		138.0	12.9	101.5	246.9			302.9	33.8
1957	660.6	313.5		187.8	12.9	146.4	320.0			340.6	...
1958	682.6	355.5		149.1	27.0	151.0	312.2			370.4	...
1959	805.5	375.2		206.4	49.7	174.2	438.5			367.0	...
CHINA (<i>Taiwan, new Taiwan dollars</i>)											
1956	4,858		2,043		252	1,712	1,777	1,581		649	851
1957	6,253	615	1,038	829	398	2,164	2,089	2,011		944	1,209
1958	7,574	685	1,323	1,121	587	2,665	2,531	2,578		1,272	1,193
1959	9,718	1,005	1,405	1,780	503	3,785	3,733	2,793		1,952	1,240
INDONESIA (<i>rupiah</i>)											
1951	6,440	...	...	...	...	...	4,640	1,800		...	...
1952	8,320	...	...	...	...	...	6,320	2,000		...	...
1953	7,838	...	...	...	...	...	6,180	1,658		...	...
1954	7,386	...	...	...	...	...	4,266	3,120		...	...
1955	7,709	...	...	...	...	...	4,897	2,812		...	...
1956	8,017	...	...	...	...	...	5,142	2,875		...	...
1957	7,600	...	...	...	...	...	4,848	2,752		...	...
1958	8,299	...	...	...	...	...	5,228	3,071		...	...
1959	8,885	...	...	...	...	...	6,653	2,232		...	...
JAPAN (<i>thousand million yen</i>)											
1956	2,953.0	179.7		2,050.8			1,548.9	681.6			722.5
1957	3,194.7	213.5		2,513.5			1,891.7	835.3			467.7
1958	2,805.4	228.1		2,544.8			1,864.9	908.0			32.5
1959	4,399.1	276.1		3,233.5			2,443.0	1,066.6			889.5
KOREA, REPUBLIC OF (<i>thousand million hwan</i>)											
1953	45.9	7.0	9.3	6.0	1.9	4.4	24.9	1.7	2.0	17.3	...
1954	74.7	14.7	20.1	10.9	6.6	9.7	50.5	7.3	4.2	12.7	...
1955	123.3	20.0	30.8	26.1	10.8	19.5	84.1	13.2	9.9	16.1	...
1956	246.4	22.6	43.5	60.7	27.5	46.6	119.8	40.4	40.7	45.5	...
1957	97.2	21.7	29.6	32.6	15.2	29.4	96.6	17.7	14.2	31.3	...
1958	229.8	30.2	55.0	55.7	20.2	58.3	146.1	30.2	43.1	10.4	...
1959	235.1	42.2	67.4	60.0	20.9	74.5	181.8	33.2	50.0	29.9	...
PHILIPPINES (<i>pesos</i>)											
1956	872	123	90	223	96	245	554	13	210	95	...
1957	1,036	140	112	232	108	298	658	15	217	146	...
1958	889	113	98	208	100	332	643	33	175	38	...
1959	991	120	124	213	106	338	688	50	163	90	...
THAILAND (<i>baht</i>)											
1952	4,296	1,179			2,706		2,324	654		907	411
1953	5,094	1,831			2,936		2,583	858		1,326	327
1954	5,283	1,845			3,096		2,573	986		1,382	342
1955	6,689	1,874			3,099		2,719	1,095		1,159	1,716
1956	5,883	1,939			3,383		3,281	911		1,130	561
1957	7,222	2,606			3,828		5,345	814		275	788
1958	7,112	2,759			3,910		5,364	849		456	443
1959	7,972	3,033			4,301		5,432	1,062		840	638

Sources and time reference: see table 5.

a. Increase in stocks of local government enterprises is included under fixed capital formation.

PRODUCTION

9. INDEX NUMBERS OF AGRICULTURAL PRODUCTION

1952/53—1956/57=100

	Total world (excl. China, USSR and Eastern Europe)	Far East (excl. China)	Burma	Ceylon	China: Taiwan	Federation of Malaya	India	Indonesia	Japan	Korea, Republic of	Pakistan	Philip- pines	Thailand
ALL COMMODITIES													
1952/53 . .	96	93	102	94	95	95	90	93	96	86	99	93	89
1953/54 . .	98	98	98	95	96	93	100	98	85	105	97	98	106
1954/55 . .	99	100	96	101	99	99	101	105	94	105	102	99	86
1955/56 . .	102	104	96	108	101	105	102	102	114	106	98	101	105
1956/57 . .	105	107	107	102	109	108	107	103	110	98	104	109	114
1957/58 . .	104	105	93	106	115	108	103	105	114	107	101	111	95
1958/59 . .	106	109	107	110	120	110	108	108	118	111	100	114	107
1959/60 . .	112	113	113	110	118	117	109	109	124	115	106	115	112
FOOD													
1952/53 . .	95	92	102	97	95	90	90	89	97	86	96	94	89
1953/54 . .	99	99	98	90	97	89	101	98	85	107	100	99	108
1954/55 . .	99	100	96	101	99	101	101	106	94	104	103	100	84
1955/56 . .	102	103	97	113	100	103	102	102	114	106	96	101	105
1956/57 . .	105	107	108	99	108	116	106	104	110	98	104	107	114
1957/58 . .	105	105	92	101	114	114	102	105	114	108	101	110	91
1958/59 . .	110	109	109	106	119	111	108	111	119	113	99	114	104
1959/60 . .	112	113	115	109	116	121	109	112	126	116	106	114	108
CEREALS													
1952/53 . .	97	90	101	99	94	102	86	89	98	92	96	95	91
1953/54 . .	101	101	96	77	98	94	106	98	84	112	102	98	114
1954/55 . .	97	99	97	108	102	95	100	110	94	105	104	98	79
1955/56 . .	101	103	98	122	97	97	103	101	117	102	90	103	101
1956/57 . .	104	107	108	94	108	112	106	102	105	90	107	105	115
1957/58 . .	104	103	87	107	112	114	100	102	108	101	104	100	79
1958/59 . .	112	109	110	124	115	102	111	111	111	104	99	116	99
1959/60 . .	114	115	117	121	113	125	112	111	118	107	115	115	103
PER CAPUT FOOD PRODUCTION													
1952/53 . .	98	95	104	102	102	95	93	92	99	87	99	98	93
1953/54 . .	100	100	98	92	101	90	102	100	86	107	102	101	110
1954/55 . .	99	100	96	101	99	102	101	106	94	104	103	100	84
1955/56 . .	100	102	96	110	97	102 ^a	101	101	113	106	94	98	103
1956/57 . .	102	104	106	95	101	111	104	101	108	96	102	103	110
1957/58 . .	100	100	90	94	103	105	98	99	111	105	97	103	86
1958/59 . .	103	103	105	97	104	99	102	102	114	108	94	103	97
1959/60 . .	103	105	109	96	98	104	103	100	119	109	99	100	99
PER CAPUT CEREAL PRODUCTION													
1952/53 . .	100	93	103	105	102	107	89	91	101	94	99	100	95
1953/54 . .	102	102	97	79	102	96	107	99	85	112	103	100	116
1954/55 . .	97	99	97	108	102	95	100	111	94	105	104	98	79
1955/56 . .	100	102	97	119	94	96 ^a	101	100	116	101	89	101	100
1956/57 . .	101	104	106	89	101	107	103	99	103	88	105	100	111
1957/58 . .	99	98	85	99	101	105	97	96	105	98	100	93	75
1958/59 . .	105	103	105	112	100	91	106	102	107	99	94	105	92
1959/60 . .	105	107	112	108	95	108	105	99	112	100	107	101	94

Source: FAO.

General Note: Food crops comprise the following: Cereals, sugar, root crops, pulses, oilseeds, fruits, vegetables, and livestock and dairy products. Cereals including: rice, wheat, maize, millet, sorghum, barley, oats, rye. Commodities other than food including: tobacco, fibres, industrial oilseeds, rubber, and beverage crops.

a. Not comparable to previous series from this year forward because of the use of a new population series.

PRODUCTION

10. AREA AND PRODUCTION OF SELECTED AGRICULTURAL COMMODITIES

	Area (1,000 hectares)						Production (1,000 tons)					
	1948-52	1956	1957	1958	1959	1960	1948-52	1956	1957	1958	1959	1960
RICE (paddy)												
Afghanistan	...	...	...	210	...	...	333	...	...	316	...	...
Brunei	3	2	3	3	3	...	6	3	3	2	...	...
Burma	3,758	4,048	3,868	3,998	4,034	4,283	5,481	5,464	5,231	6,590	6,843	...
Cambodia	1,127	1,250	1,260	1,247	1,385	...	1,372	1,530	1,410	1,183	1,449	...
Ceylon	373	436	461	502	477	...	570	574	652	763	737	...
China: Mainland	26,819	33,329	32,257	32,761	...	...	58,188	82,450	86,800	113,700	...	...
Taiwan	762	784	783	778	776	825	1,682	2,226	2,287	2,356	2,308	2,488
Federation of Malaya	341	360	365	357	378	...	635	786	799	714	903	...
Hong Kong	16	9	9	9	9	...	37	28	30	33	31	...
India	30,092	32,277	32,151	32,956	32,918	...	33,383	43,555	37,926	46,261	44,713	...
Indonesia	5,876	6,702	6,798	6,990	7,197	7,200	9,441	11,403	11,448	11,968	12,402	13,500
Iran	220	280	250	223	259	...	424	440	480	435	526	...
Japan	2,996	3,225	3,232	3,242	3,289	3,308	11,991	13,623	14,328	14,991	15,626	16,073
Korea, Republic of	1,050	1,097	1,049	1,108	1,113	...	2,924	2,506	3,086	3,254	3,255	...
Laos	825	550	607	696	650	...	540	550	499	522	520	...
Nepal	1,295	1,300	1,295	1,335	1,295	...	1,134	1,043	1,089	1,202	1,066	...
North Borneo	33	30	31	31	31	...	42	56	47	56	66	...
Pakistan	9,003	9,087	9,262	9,102	9,763	9,304	12,399	13,741	12,895	12,028	14,419	...
Philippines	2,350	2,768	3,154	3,329	3,324	3,306	2,767	3,346	3,203	3,685	3,668	3,739
Sarawak	198	80	81	110	(109)	...	98	80	80	102	98	...
Thailand	5,211	5,762	4,443	5,108	5,226	5,685	6,846	6,297	5,665	7,050	7,275	7,460
Viet-Nam, Republic of	1,814	2,540	2,719	2,432	3,086	3,244	2,469	3,412	3,192	4,594	5,311	4,812
WHEAT												
Afghanistan	...	...	...	2,000	2,000	...	1,700	...	...	2,100	...	...
China: Mainland	23,049	27,286	27,555	26,637	...	...	15,912	24,800	23,650	28,950	...	...
Taiwan	14	16	20	23	23	...	13	27	36	40	42	...
India	9,290	12,367	13,589	11,857	12,531	12,751	6,087	8,760	9,403	7,865	9,929	9,890
Iran	2,080	2,900	...	...	...	...	1,860	2,700	2,800	2,700	3,103	2,500
Japan	743	657	615	595	601	602	1,375	1,375	1,330	1,261	1,459	1,531
Korea, Republic of	95	123	144	127	(125)	(124)	92	133	133	99	118	...
Pakistan	4,218	4,559	4,743	4,609	4,921	5,124	3,685	3,392	3,664	3,601	3,915	3,938
BARLEY												
India	3,128	3,418	3,531	3,055	3,336	3,326	2,384	2,815	2,872	2,274	2,715	2,647
Iran	757	1,000	...	...	...	...	767	1,000	980	950	1,000	904
Japan	982	978	928	910	893	838	2,020	2,340	2,160	2,076	2,308	2,301
Korea, Republic of	824	790	815	775	780	...	594	837	720	714	818	...
Pakistan	223	218	213	252	217	255	150	146	131	171	141	151
MAIZE												
Burma	63	55	54	54	56	50	28	27	23	26	...	28
Cambodia	48	130	100	58	100	73	73	140	100	69	122	...
China: Taiwan	5	8	8	8	...	...	7	11	9	12	17	...
India	3,349	3,758	3,974	4,232	4,232	...	2,165	3,078	3,085	3,435	3,673	...
Indonesia	2,020	2,232	2,087	2,702	2,307	...	1,536	1,965	1,880	2,634	2,101	...
Japan	40	49	48	49	48	...	57	83	97	111	104	...
Pakistan	393	433	435	461	485	...	384	456	449	474	488	...
Philippines	969	1,787	1,716	1,336	1,313	1,845	686	895	856	1,016	989	1,165
Thailand	34	82	96	125	199	269	31	115	137	186	317	401
Viet-Nam, Republic of	25	28	20	31	27	32	30	31	18	29	26	35
SUGARCANE												
Burma	15	28	36	(36)	(38)	...	1,076	1,250	(1,321)	(1,057)	(1,118)	...
China: Mainland	183	...	...	...	...	...	4,380	8,655	10,201	13,525	13,931	...
Taiwan	(101)	(91)	(98)	(101)	(99)	...	4,727	7,083	7,522	8,093	...	...
India*	1,672	2,050	2,056	1,944	2,095	2,087	53,865	69,051	69,924	71,584	76,242	...
Indonesia	67	94	90	97	...	...	8,266	6,796 ^b	7,247 ^b	7,257 ^b	7,659 ^b	...
Japan	4	7	7	8	8	...	95	235	224	228	...	...
Pakistan	304	419	507	524	510	(506)	10,116	(12,842)	15,117	(15,668)	14,331	...
Philippines	170	235	230	234	231	...	7,700	9,537	...	...	...	...
Thailand	57	121	127	131	131	...	990	3,830 ^a	4,147 ^a	4,309 ^a	4,417 ^a	...
Viet-Nam, Republic of	...	18	31	25	27	...	...	484 ^a	870 ^a	761 ^a	824 ^a	897 ^a
POTATOES												
China: Taiwan	...	1	...	...	...	...	...	3	3	3	...	...
India	237	286	321	333	353	...	1,647	1,725	1,998	2,356	...	...
Japan	209	208	209	205	200	...	2,451	2,749	3,372	3,395	3,252	...
Korea, Republic of	42	48	57	49	(47)	...	227	272	349	317	(288)	...
Pakistan	...	40	44	44	...	...	...	262	261	276	...	...
MILLET & SORGHUM												
Burma (millet)	198	182	158	153	166	...	56	37	39	32	...	...
Ceylon	39	42	35	...	...	...	17	14	14	...	...	...
China: Taiwan	9	10	10	10	...	...	6	8	9	8	9	...
India	32,499	34,743	35,215	36,095	35,148	...	12,045	13,923	15,347	16,716	15,466	...
Japan	117	78	71	68	60	...	133	100	95	104	88	...
Korea, Republic of	176	165	160	166	165	...	92	90	88	76	58	...
Pakistan	1,423	1,476	1,132	1,246	1,261	...	581	628	462	526	562	...
SWEET POTATOES & YAMS												
Ceylon	16	12	12	11	11	...	38	47	27	32	27	...
China: Taiwan	232	230	229	229	226	225	2,100	2,568	2,893	2,958	2,894	2,808
India	146	156	148	175	223	...	894	1,110	1,112	1,063	1,555	...
Indonesia	256	384	404	449	382	...	1,672	2,638	2,653	3,103	2,719	...
Japan	402	386	364	359	366 ^c	...	6,074	7,073	6,227	6,370	6,981	6,120
Korea, Republic of	42	46	48	48	52	...	271	364	351	387	401	...
Philippines	113	189	190	191	190	182	465	828	812	849	835	755
Viet-Nam, Republic of	...	50	59	...	75	75	...	245	293	...	384	448

PRODUCTION

10. AREA AND PRODUCTION OF SELECTED AGRICULTURAL COMMODITIES (Cont'd)

	Area (1,000 hectares)						Production (1,000 tons)					
	1948-52	1956	1957	1958	1959	1960	1948-52	1956	1957	1958	1959	1960
SOYBEANS												
Cambodia	8	30	40	8	8	...	6	18	20	5	5	...
China: Mainland	8,994	12,100	12,500	9,800	9,700	...	7,282	10,234	10,250	10,500	11,400	9,525
Taiwan	22	38	41	48	54	60	13	26	33	42	44	56
Indonesia	381	502	525	594	606	...	270	357	339	418	431	...
Japan	348	383	384	347	339	332	376	455	459	391	426	396
Korea, Republic of	244	270	277	269	271	...	138	153	153	153	138	...
Thailand	17	24	25	20	21	22	14	22	27	22	23	24
GROUND-NUTS (in shell)												
Burma	277	329	349	397	408	...	154	198	235	289	256	...
China: Mainland	1,528	2,590	2,530	2,370	2,000	2,200	2,057	2,722	2,570	2,800	2,270	2,450
Taiwan	80	98	104	104	99	104	57	82	94	96	97	102
India	4,379	5,532	6,020	5,898	6,194	...	3,197	4,369	4,507	4,889	4,460	...
Indonesia	285	317	341	331	363	...	280	364	387	386	425	...
Japan	16	32	40	44	43	55	21	50	72	83	94	...
Philippines	27	29	30	27	23	...	19	19	19	16	14	...
Thailand	63	81	95	96	98	...	60	101	118	121	124	...
Viet-Nam, Republic of	5	17	24	28	23	26	3	13	16	22	19	22
COTTON SEED												
Afghanistan	21	79	69	69	69	...	14	33	22	22	22	...
Burma	108	143	120	121	133	...	28	33	24	27	29	...
China: Mainland	4,406	6,258	5,778	5,726	...	...	1,730	2,890	3,280	4,200	4,820	...
Taiwan	1	5	5	5	7	...	1	2	2	3	2	...
India	5,659	8,019	8,092	8,064	7,791	...	968	1,684	1,686	1,666	1,364	...
Iran	133	243	243	260	270	269	53	125	130	143	143	152
Korea, Republic of	129	115	77	56	60	...	42	32	17	15	15	16
Pakistan	1,245	1,460	1,473	1,338	1,364	1,294	489	613	612	550	589	...
Thailand	34	39	41	40	41	48	14	21	24	23	24	25
COPRA												
Ceylon	...	...	...	...	...	...	234	263	188	167	224	...
Federation of Malaya	...	...	...	...	...	...	141	156	132	110	128	...
India	...	...	...	...	...	...	202	240	226	239	243	...
Indonesia	...	...	...	...	...	...	714	752	759	518	526	...
North Borneo	...	...	...	...	...	...	20	32*	24*	27	...	...
Philippines	...	...	...	...	...	...	875	1,318	1,329	1,117	980	...
Viet-Nam, Republic of	...	...	...	...	...	...	18	18	26	24	26	26
TOBACCO												
Burma	48	56	55	40	40	42	45	49	49	36	39	49
China: Mainland	186	...	...	...	...	...	122	399	390	380	422	...
Taiwan	7	8	10	9	8	9	10	17	21	18	18	19
India ^a	331	410	419	353	353	378	247	303	305	241	267	286
Indonesia ^a	...	178	192	186	188	208	64	61	77	67	77	84
Japan	52	76	73	68	(62)	...	90	153	145	138	130	...
Korea, Republic of	17	20	21	21	21	...	21	26	26	28	29	...
Pakistan ^a	70	77	73	79	80	79	70	89	87	91	100	82
Philippines	37	81	79	92	112	122	22	51	48	57	63	66
Thailand	33	56	61	60	61	...	27	58	66	66	63	...
Viet-Nam, Republic of	...	8	9	8	7	...	...	7	7	7	5	...
TEA^a												
Ceylon	228	231	231	232	235	...	140	170	180	187	187	...
China: Mainland	...	...	...	...	...	...	63	120	112	140	151	...
Taiwan ^b	35	43	44	45	45	...	9	12	14	15	15	...
India	314	321	321	...	...	...	280	309	311	325	324	...
Indonesia	Δ142	137	135	114	...	...	60	62	68	68	...	...
Japan	28	42	45	47	47	...	40	71	72	75	80	...
Pakistan	31	31	31	31	31	...	20	24	20	24	25	...
Viet-Nam, Republic of	4	9	9	8	9	...	4	4	4	3	4	4
COTTON (lint)												
Afghanistan	21	79	69	69	69	...	7	16	11	11	11	...
Burma	108	143	120	121	133	...	15	17	13	14	15	...
China: Mainland	4,406	6,258	5,778	5,726	...	...	868	1,445	1,640	2,100	2,410	...
India	5,659	8,019	8,092	8,019	7,791	...	485	837	843	833	682	...
Iran	133	243	243	260	270	269	26	62	65	72	72	76
Korea, Republic of	129	115	77	56	60	...	22	17	9	9	9	...
Pakistan	1,245	1,460	1,473	1,338	1,364	1,294	245	307	306	275	295	...
Thailand	34	39	41	40	41	48	7	11	12	12	12	12
JUTE												
India	581	772	705	733	691	650	642	778	735	938	825	...
Pakistan	715	(498)	632	618	558	614	1,015	1,000	1,034	1,089	972	1,021
HEMP FIBRE												
India ^a	...	...	176	221	221	...	...	...	63	82	81	...
Philippines (abaca) ^a	285	232	220	180	183	...	105	137	130	105	110	...

Source: FAO, except those in brackets which are from national sources.

General Note: (1) Area relates generally to area harvested except those with the symbol Δ which relate to planted area.

(2) Averages for 1948-52 do not in all cases cover the precise periods indicated.

(3) For further details see the notes in the Production Yearbook of Food and Agriculture Organization of the United Nations, 1959.

a. Production refers to total sugarcane cut.

b. Sugarcane crushed in factories.

c. Area sown.

d. Dried in shell.

e. Includes Sarawak.

f. Production in 12 months ending 30 June of year stated.

g. Calendar year.

h. Mature area or area of plucking.

i. Sann hemp; area is for fibre, green manure and fodder; production is for fibre only.

j. Area refers to crop year beginning in the year stated; production refers to calendar year and represents balings as reported by the Fiber Inspection Service, plus an allowance of 10% for unbled fibre.

11. INDEX NUMBERS OF INDUSTRIAL PRODUCTION

PRODUCTION

1953=100*

	Weight	1954	1955	1956	1957	1958	1959	1959		1960					
								III	IV	I	II	III	Oct	Nov	
CHINA (mainland) ^b															
Industrial production . . .	...	116	123	157	175	292	406	.	.	.	.	.	.	.
Producers' goods . . .	...	120	137	192	227	462	...	.	.	.	.	.	.	.
Consumer goods . . .	...	114	114	138	144	193	...	.	.	.	.	.	.	.
CHINA (Taiwan)															
Industrial production ^c . .	100.0	107	119	125	142	153	173	185	208	198	214	220	230	238	
Mining and quarrying . .	10.5	100	114	120	134	144	155	133	171	168	174	162	183	192	
Coal . . .	7.4	88	99	108	122	133	149	137	164	153	170	158	174	181	
Manufacturing ^c . . .	76.6	107	120	125	143	153	175	196	219	208	224	235	242	253	
Food ^c . . .	19.0	85	101	104	126	121	121	180	192	185	169	261	229	324	
Textiles . . .	17.8	116	122	115	128	124	152	149	171	156	173	170	168	180	
Chemicals . . .	9.5	109	120	134	158	180	219	212	246	217	258	248	303	282	
Construction of buildings	1.1	106	145	104	118	177	118	117	107	119	163	94	110	194	
Public utilities . . .	11.9	115	123	135	149	162	182	187	200	185	207	215	228	217	
Electricity . . .	7.6	115	126	144	163	184	205	211	225	204	235	242	260	242	
INDIA ^d															
Industrial production . .	100.0	107	116	126	130	132	144	143	147	160	153	161	...	...
Mining . . .	7.2	103	107	110	122	128	136	130	132	153	156	147	...	...
Manufacturing . . .	90.7	107	116	126	130	131	143	142	146	159	150	160	...	...
Sugar . . .	4.3	84	123	144	160	152	161	9	167	440	71	15	36	...	
Tea . . .	5.9	106	110	110	111	118	116	216	140	18	83	209	224	...	
Textiles . . .	48.0	103	106	112	109	105	107	107	104	107	111	115	...	...
Chemicals . . .	4.2	108	122	132	140	159	175	178	176	185	192	195	...	...
Basic metal industries . .	8.0	121	119	124	126	128	169	184	181	197	201	245	...	...
Metal products ^e . . .	4.6	140	168	200	222	233	264	239	262	246	262	277	...	...
Transport equipment . . .	2.9	113	171	236	246	229	289	319	318	367	333	401	...	...
Electricity . . .	2.1	112	128	145	163	185	220	225	224	227	251	254	...	...
Industrial production (seasonally adjusted) .	.	.	.	.	.	.	.	145	152	158	153	163	...	...
INDONESIA															
Mining . . .	.	105	111	117	137	140	156	.	.	.	.	.	.	.
JAPAN															
Industrial production . .	100	108	117	144	167	168	208	211	229	248	254	263	272	278	
Manufacturing and mining . . .	92.8	108	117	143	169	169	210	213	232	252	258	267	277	283	
Mining . . .	7.2	96	97	107	118	114	113	114	117	119	120	123	127	133	
Manufacturing . . .	85.6	110	119	147	174	175	220	224	244	265	272	281	292	299	
Food . . .	11.5	108	115	122	128	135	142	119	120	220	126	127	110	112	
Textiles . . .	15.0	109	121	144	159	143	167	173	184	186	197	199	204	205	
Chemicals . . .	10.7	114	132	159	187	194	222	223	237	246	258	258	270	269	
Ferrous metals . . .	9.0	105	117	143	162	153	201	210	230	233	258	260	275	280	
Machinery . . .	17.0	113	114	166	230	247	354	373	417	439	498	525	549	573	
Public utilities . . .	7.2	106	114	131	146	155	177	179	190	135	205	210	215	216	
KOREA, Republic of (1954=100)															
Industrial production . .	100.0	100	120	146	169	186	213	219	230	219	230	242	242	243	
Mining . . .	12.8	100	125	182	218	229	318	321	385	411	407	419	436	451	
Coal . . .	9.3	100	147	204	275	300	465	475	599	601	587	588	653	652	
Manufacturing . . .	80.1	100	119	144	162	180	200	207	210	197	212	224	223	222	
Food . . .	8.1	100	128	193	197	233	215	208	226	184	216	286	214	224	
Textiles . . .	21.1	100	123	143	175	180	187	188	186	177	184	181	182	185	
Electricity . . .	7.1	100	98	124	147	168	187	180	203	192	184	193	183	183	
PAKISTAN															
Industrial production . .	...	128	161	182	192	215	241	244	254	260	...	...	...	...
Mining . . .	...	101	107	125	130	145	145	150	162	160	...	...	...	...
Manufacturing . . .	...	131	167	189	200	222	250	251	263	270	...	...	...	...
PHILIPPINES															
Mining . . .	.	94	102	113	126	125	135	134	125	124	131	134	...	...
Manufacturing . . .	.	113	127	147	158	170	185	184	183	195	191	185	...	...

a. Original base: China (Taiwan), 1954; India, 1951; Indonesia, 1938; Japan, 1955; Republic of Korea, 1958; Pakistan, 1950; Philippines, 1952 for 1954, 1955 for succeeding years.

b. China mainland, value index of gross industrial production at 1952 prices. c. Sugar production is excluded from the monthly and quarterly index but included in the annual index. Weights relate to annual index.

d. Quarterly figures relate to the mid-month of each quarter.

e. General engineering and electrical engineering including general machinery and electrical machines, apparatus, appliances and supplies.

PRODUCTION

12. PRODUCTION OF SELECTED COMMODITIES

Monthly averages or calendar months

Thousand tons

	1954	1955	1956	1957	1958	1959	1959		1960					
							III	IV	I	II	III	Oct	Nov	
TEA														
Ceylon	13.9	14.4	14.2	15.0	15.6	15.6	12.1	15.9	16.9	19.1	13.7	12.0	20.7	
China: Mainland	7.7	9.0	10.0	9.3	11.8	...	...	...	...	...	...	...	...
China: Taiwan	1.6	1.1	1.1	1.3	1.1	1.7	1.0	2.7	1.1	1.3	1.2	1.2	1.1	
India	24.4	25.3	25.2	25.4	27.0	26.7	47.9	30.5	4.6	24.4	44.4	51.4	31.9	
Indonesia	3.9	3.6	3.5	3.9	3.9	3.7	3.2	4.1	3.5	4.0	3.4	4.0	4.1	
Pakistan	2.1	2.0	2.1	1.8	2.2	2.3	3.9	2.7	0.2	0.9	2.8	3.6	2.7	
NATURAL RUBBER ^a														
Cambodia	2.0	2.3	2.7	2.6	2.8	2.9	3.2	4.1	1.9	2.9	3.4	3.7	4.6	
Ceylon	8.0	7.9	8.1	8.3	8.5	7.8	8.2	10.7	8.4	7.2	7.3	9.3	7.0	
Fed. of Malaya & Singapore	49.5	54.1	53.1	54.1	56.2	59.1	62.9	63.2	59.1	54.9	63.4	64.1	57.8	
India	1.8	1.9	2.0	2.0	2.1	2.0	2.1	2.8	1.6	1.7	2.2	2.6	3.1	
Indonesia	62.5	62.1	58.1	58.0	52.0	61.1	58.1	70.3	49.8	51.6	45.1	55.0	36.2	
Sarawak	2.0	3.3	3.4	3.5	3.3	3.7	4.6	4.1	4.1	5.3	4.5	2.3	2.7	
Thailand	9.9	11.0	11.3	11.3	11.6	14.4	15.7	13.9	16.1	12.4	11.5	14.4	14.5	
Viet-Nam, Republic of	4.6	5.5	5.9	5.8	6.0	6.3	6.8	9.0	2.9	6.9	7.2	7.1	9.6	
COAL														
China: Mainland	6,972	8,192	9,197	10,833	22,500	28,983	...	...	...	...	...	...	...
China: Taiwan	177	197	211	243	265	297	274	325	304	339	314	347	361	
Federation of Malaya ^b	19	17	15	13	6	6	6	8	2	...	...	...	...
India	3,123	3,237	3,339	3,683	3,839	3,982	3,910	3,959	4,327	4,361	4,158	4,339	...	
Indonesia	75	68	69	60	51	53	56	60	19	19	...	...	...
Iran	21	20	16	15	14	...	...	...	...	...	...	...	...
Japan	3,560	3,535	3,880	4,311	4,139	3,938	3,920	4,040	4,098	4,138	4,169	4,320	4,660	
Korea, Republic of	74	109	151	203	223	345	352	436	446	435	435	484	483	
Pakistan ^c	47	45	55	44	51	61	55	59	64	68	58	...	...
Philippines	10	11	13	16	9	12	12	13	14	11	...	...	...
Viet-Nam, Republic of	—	—	—	1.0	1.7	1.7	1.6	1.8	1.3	2.1	3.2	3.0	2.4	
NATURAL GAS (million cubic metres)														
Brunei ^d	91.5	98.1	119.0	133.8	133.5	148.2	150.4	147.7	135.1	138.4	133.6	...	...
China: Taiwan	2.22	2.16	2.27	2.40	2.18	2.19	1.93	2.66	1.76	2.28	2.34	2.08	2.11	
Indonesia ^d	132.0	159.0	170.0	181.0	174.0	186.0	186.6	185.6	193.0	198.0	...	...	...
Japan	11.8	13.0	14.7	20.6	30.7	42.2	41.6	47.4	58.0	54.9	59.8	65.7	...	
Pakistan	—	...	24.6	36.2	45.6	52.8	54.8	57.3	47.7	69.2	...	...	...
PETROLEUM, CRUDE ^e														
Brunei	399	438	470	450	434	450	458	437	403	381	372	...	...
Burma	15	18	19	33	39	44	46	46	45	42	49	48	...	
China: Mainland	66	81	97	122	189	308	...	...	...	...	...	...	...
China: Taiwan	0.41	0.28	0.25	0.21	0.18	0.15	0.13	0.19	0.14	0.17	0.19	0.18	0.16	
Indonesia	898	982	1,061	1,289	1,342	1,518	1,585	1,600	1,632	1,745	...	...	...
Iran	292	1,358	2,195	2,999	3,401	3,831	3,735	3,908	4,173	3,957	4,273	5,045	4,714	
Japan	25	26	26	27	31	34	34	38	39	41	44	47	52	
Pakistan	22	23	24	25	25	26	26	28	...	...	...	...	...
Sarawak	6	6	6	6	5	5	5	5	5	5	...	...	...
IRON ORE ^f														
Federation of Malaya	103	124	207	252	237	318	395	316	375	489	588	569	397	
Hong Kong	8	10	10	8	9	10	10	11	10	9	10	8	9	
India	333	361	359	391	483	656	624	746	888	903	871	854	...	
Japan ^g	136	126	159	187	167	207	231	233	211	238	259	247	...	
Korea, Republic of	3	2	5	15	22	23	25	19	26	26	37	35	44	
Pakistan	0.1	—	0.6	2.0	0.7	0.2	1.0	—	...	...	...	...	...
Philippines	119	119	120	112	92	103	111	81	89	96	94	95	...	
TIN CONCENTRATES (tons)														
Burma	68	94	67	59	102	102	102	102	122	122	122	122	122	
China: Mainland	644	1,016	1,186	1,354	1,524	1,778	1,778	1,778	2,030	2,030	2,030	2,030	2,030	
Federation of Malaya	5,139	5,186	5,274	5,020	3,256	3,177	3,149	3,740	4,150	4,322	4,429	4,796	4,590	
Indonesia	3,036	2,825	2,545	2,347	1,968	1,830	1,727	2,119	1,626	1,910	2,075	2,082	1,978	
Japan	61	78	79	80	94	83	74	91	75	81	81	81	...	
Laos	9	21	20	23	26	25	25	25	31	31	31	31	...	
Thailand	828	933	1,057	1,145	654	820	815	976	1,064	1,000	994	1,034	1,061	
SALT														
Burma	7.7	8.4	7.2	9.7	9.2	...	...	...	...	...	...	...	...
China: Mainland	407	628	412	690	867	920	...	...	...	...	...	...	...
China: Taiwan	30.7	35.1	25.4	32.3	36.6	35.8	3.4	40.8	55.2	31.8	15.5	39.6	50.5	
India	229.9	252.2	276.5	307.0	350.1	264.9	244.4	58.8	162.1	594.3	246.5	128.4	...	
Indonesia	10.9	3.8	9.1	28.9	19.6	26.2	17.8	87.1	...	...	...	...	...
Japan ^h	35.4	46.1	52.3	69.3	88.2	97.1	118.4	94.1	77.3	74.9	...	...	...
Korea, Republic of	15.0	29.5	18.4	30.8	38.4	32.5	68.1	34.7	0.3	47.1	64.9	41.9	15.0	
Pakistan	33.6	33.8	32.8	38.3	29.9	24.0	25.7	28.6	34.2	...	...	...	...
Philippines	4.0	6.7	5.3	8.6	11.6	14.5	...	...	...	...	...	...	...
Thailand	18.5	19.7	20.6	21.9	35.6	38.3	38.3	38.3	27.5	27.5	27.5	...	...
Viet-Nam, Republic of	...	6.4	5.0	6.6	5.1	5.1	1.3	1.8	...	...	...	...	...

12. PRODUCTION OF SELECTED COMMODITIES (Cont'd)

Monthly averages or calendar months

PRODUCTION

Thousand tons

	1954	1955	1956	1957	1958	1959	1959		1960					
							III	IV	I	II	III	Oct	Nov	
SUGAR¹														
Afghanistan	0.42	0.50	0.40	0.40	0.39	0.38	...	...	...	...	...	...	...
Burma	2.00	1.50	1.59	2.68	3.40	3.31	...	...	...	...	...	...	...
China: Mainland	57.8	59.8	67.3	72.0	75.0	94.2	...	...	...	...	...	...	...
China: Taiwan	53.5	66.9	64.6	76.5	72.2	74.0	—	67.4	182.9	7.2	—	—	74.0	
India	91.9	136.8	165.1	170.0	165.7	176.3	8.1	213.4	479.4	116.7	12.5	39.0	...	
Indonesia	59.8	71.4	65.5	69.0	64.5	71.3	171.2	21.1	—	71.6	146.7	20.0	...	
Iran	7.0	6.9	6.8	6.8	9.2	9.2	...	...	...	...	...	...	...
Korea, Republic of	1.6	3.2	5.2	2.6	4.3	5.0	4.4	5.7	4.7	4.4	6.5	4.1	6.2	
Pakistan	6.4	8.0	7.4	9.4	13.8	14.2	0.6	12.1	28.0	8.2	0.2	...	...
Philippines	108.4	103.7	97.0	85.8	100.6	122.6	22.9	141.2	225.1	...	...	...	...
Thailand	3.6	3.1	3.3	4.2	6.1	6.7	6.7	6.7	9.2	9.2	9.2	...	...
Viet-Nam, Republic of	0.05	0.13	0.17	0.09	0.41	2.74	2.97	2.93	4.43	5.73	5.03	3.60	2.99	
COTTON YARN														
Burma	0.15	0.12	0.12	0.14	0.20	0.30	0.32	0.39	0.30	0.29	0.33	...	...
China: Mainland	69.6	60.0	79.4	70.3	92.2	124.7	...	...	...	...	...	...	...
China: Taiwan	1.9	2.1	2.0	2.3	2.3	2.6	2.7	2.8	2.8	3.4	3.6	3.6	3.6	
Hong Kong	3.3	3.5	3.8	4.0	4.4	5.2	5.3	5.7	5.6	6.2	6.7	...	...
India	59.0	61.6	63.2	67.3	63.7	65.0	65.1	67.1	63.9	63.2	67.1	64.4	...	
Japan	38.7	34.9	41.1	43.1	36.8	39.7	39.6	43.6	44.1	46.7	46.2	47.3	48.1	
Korea, Republic of	1.7	2.2	2.6	3.4	3.7	4.0	4.0	4.0	3.9	4.3	4.0	4.0	4.4	
Pakistan	7.3	10.4	11.4	12.0	13.0	14.6	15.2	15.3	15.4	...	...	...	...
Philippines	0.06	0.05	0.07	0.07	0.06	0.09	0.09	0.11	0.07	0.06	0.07	...	...
COTTON FABRICS (Mn metres)														
Ceylon (Mn sq. metres)	0.4	0.4	0.8	0.4	0.5	0.6	0.6	0.6	0.8	0.9	0.9	0.9	...	
China: Mainland	435.8	363.3	480.8	420.8	475.0	625.0	...	...	...	...	...	...	...
China: Taiwan	13.8	13.6	11.6	13.0	12.2	13.0	12.9	13.4	13.2	14.9	15.2	15.1	15.6	
India	381	398	404	405	375	374	378	378	375	377	394	374	...	
Indonesia	3.8	4.2	4.4	4.7	4.8	3.4	3.0	3.7	4.9	...	...	...	...
Japan (Mn sq. metres)	222	210	242	268	218	230	228	245	252	270	270	278	284	
Korea, Republic of (Mn sq. metres)	8.0	8.4	10.2	13.8	10.4	11.0	11.0	10.5	10.3	11.0	10.4	10.4	10.7	
Pakistan	26.5	34.5	38.1	40.2	43.9	47.3	47.5	47.5	48.2	...	...	...	...
Philippines	1.1	0.9	1.4	1.2	0.9	0.8	0.8	0.6	0.6	0.4	0.3	0.3	...	
Thailand . . . . .	...	3.1	4.4	4.1	...	...	...	...	...	...	...	...	...
JUTE MANUFACTURES														
China: Taiwan	0.75	0.90	1.05	1.01	0.73	1.41	1.19	1.76	1.47	1.53	1.17	0.23	0.76	
(Gunny bags, Mn pieces)	78.6	87.0	92.5	87.2	89.9	89.0	91.1	91.2	89.4	92.0	91.6	85.9	87.3	
India	4.5	7.5	12.1	12.6	14.5	19.0	20.0	21.8	22.4	22.7	23.6	21.3	20.3	
Pakistan	0.05	0.28	0.36	0.40	0.45	0.47	0.47	0.47	...	...	...	...	...
Thailand (Gunny bags, Mn pieces) . . . . .	...	...	...	...	...	...	...	...	...	...	...	...	...
PAPER¹														
China: Mainland	70.2	69.9	83.2	101.7	135.8	141.7	...	...	...	...	...	...	...
China: Taiwan	2.5	2.8	3.6	5.0	6.0	7.1	7.0	7.7	7.5	8.3	7.9	8.2	9.8	
India	8.7	10.1	10.4	10.7	13.1	15.0	16.2	17.5	18.0	17.4	18.0	18.5	...	
Japan	101.7	116.1	129.6	145.7	147.4	181.9	185.8	193.3	193.1	201.8	211.5	221.9	216.7	
Korea, Republic of	0.5	0.8	0.6	0.7	1.0	1.8	1.9	2.1	2.3	1.9	2.1	2.8	2.7	
Pakistan . . . . .	...	1.1	1.4	1.7	1.4	1.6	1.8	1.1	1.6	1.5	...	1.5	1.9
Thailand	0.17	0.17	0.25	0.23	0.23	0.22	0.22	0.22	...	...	...	...	...
VEGETABLE OILS														
China: Mainland: Edible oil	88.8	97.1	89.7	91.7	104.2	121.7	...	...	...	...	...	...	...
China: Taiwan: Edible oil	0.7	0.8	0.9	1.0	1.1	1.1	1.4	1.2	1.0	0.9	2.3	1.6	2.5	
Federation of Malaya: Coconut oil	8.2	8.0	9.2	8.2	6.7	5.7	6.8	6.0	5.5	6.3	6.3	5.9	6.8	
Palm oil	4.8	4.8	4.7	5.0	6.0	6.1	7.0	6.1	7.0	8.1	7.5	6.9	7.7	
India: Edible oil (Vanaspati)	19.5	22.1	21.6	25.5	25.0	28.8	24.7	28.3	32.9	28.8	24.9	16.9	...	
Indonesia: Palm oil	14.1	13.8	13.7	13.4	12.3	11.5	13.4	11.9	10.0	11.7	13.5	11.5	...	
Japan: Coconut oil	1.8	2.3	2.0	2.4	2.2	2.8	2.2	3.4	3.4	4.0	4.1	4.2	...	
Others	9.0	13.0	15.1	16.3	19.9	20.8	24.5	19.3	21.8	20.6	21.9	24.5	...	
Pakistan: Vegetable oil	0.9	1.2	1.4	1.5	1.7	2.3	2.3	2.4	2.5	2.9	2.5	3.3	...	
Philippines: Coconut oil	12.2	13.3	17.7	27.8	19.1	15.8	...	...	...	...	...	...	...
Singapore: Coconut oil	3.2	2.8	3.4	4.1	2.6	1.7	1.9	2.3	1.8	1.9	2.1	2.5	2.8	
SUPERPHOSPHATES²														
China: Taiwan	6.5	6.7	8.4	8.6	8.7	9.9	10.1	10.1	7.7	10.6	10.8	11.3	11.1	
India	8.9	6.3	6.9	12.0	14.0	21.1	26.7	24.0	31.5	27.7	24.7	...	...
Japan	143.5	149.6	171.5	155.3	146.5	153.9	132.8	154.0	189.8	188.2	155.7	179.7	179.1	
Pakistan . . . . .	...	...	...	...	0.09	0.13	—	0.11	0.16	—	...	...	...
AMMONIUM SULPHATE														
China: Taiwan	0.4	0.4	0.6	1.3	1.5	1.8	1.7	1.9	1.7	1.7	1.7	2.4	2.4	
India	28.9	33.3	32.9	32.1	32.5	32.9	32.9	32.0	32.4	29.7	32.2	...	...
Japan	172.9	177.4	193.6	206.7	217.5	219.5	218.7	194.6	205.4	198.0	205.3	190.3	198.0	
Pakistan . . . . .	...	...	...	...	1.7	3.6	3.0	3.5	4.1	4.0	...	...	...

PRODUCTION

12. PRODUCTION OF SELECTED COMMODITIES (Cont'd)

Monthly averages or calendar months

Thousand tons

	1954	1955	1956	1957	1958	1959	1959		1960					
							III	IV	I	II	III	Oct	Nov	
PETROLEUM PRODUCTS ^m														
Burma	10.2	10.7	11.4	18.2	25.0	27.6	26.3	29.4	32.1	29.5	...	...	...
China: Taiwan (thousand Kilolitres)	37.0	51.0	52.8	55.8	56.7	68.1	66.8	65.3	78.4	76.9	79.9	118.5	90.5	
Indonesia	825.8	863.9	859.0	911.1	847.8	917.2	912.9	923.0	...	...	...	...	...
Iran	234.2	606.2	919.2	1,251.7	1,302.9	1,307.4	1,311.7	1,374.7	1,405.0	1,368.0	1,524.0	...	...
Japan (thousand Kilolitres)	616.7	717.8	984.1	1,212.6	1,346.5	1,820.9	1,802.8	2,216.6	2,406.0	2,472.7	2,402.2	...	...
Sarawak	194.7	192.1	206.8	195.8	196.4	199.5	199.1	203.2	199.1	195.1	...	...	...
Pakistan	6.2	6.3	7.0	7.2	7.4	...	7.6	...	...	...	...	...	...
Philippines	11.3	49.8	63.0	71.7	95.2	...	...	...	...	...	...	...	...
CEMENT														
Burma	4.9	5.0	3.2	3.1	3.0	3.0	2.5	3.5	3.4	4.7	3.4	3.7	2.7	
Ceylon	7.0	7.1	7.1	4.1	6.7	7.9	7.2	8.0	7.8	5.2	8.2	8.7	...	
China: Mainland	383.3	375.0	532.5	571.7	775.0	1,022.5	...	...	...	...	...	...	...
China: Taiwan	44.7	49.2	49.2	50.3	84.6	89.0	88.3	87.2	96.3	95.5	95.4	113.4	101.6	
Federation of Malaya	7.2	9.1	8.7	9.5	9.2	16.0	17.6	20.9	19.2	23.0	26.1	28.9	27.1	
Hong Kong	8.4	9.7	10.1	8.7	12.7	11.8	7.9	12.0	13.0	12.1	10.8	13.7	15.9	
India	372.0	379.9	417.2	474.3	513.6	576.7	552.2	619.2	655.4	654.1	614.3	699.0	644.0	
Iran	5.4	11.0	18.7	26.1	34.2	44.4	...	...	...	...	...	...	...
Japan	889.6	879.7	1,085.3	1,264.7	1,249.0	1,439.0	1,441.0	1,673.0	1,672.0	1,869.0	1,866.9	2,066.0	2,041.0	
Korea, Republic of	5.1	4.7	3.8	7.7	24.6	29.8	34.2	35.4	34.4	34.8	36.7	40.3	37.6	
Pakistan	57.0	57.7	65.4	91.3	90.8	82.8	73.8	79.9	91.8	99.5	89.7	106.7	...	
Philippines	26.4	34.1	37.2	42.6	53.5	60.8	64.9	55.9	65.5	65.5	64.0	67.7	76.6	
Thailand	31.9	32.2	33.1	33.5	38.0	40.1	39.9	38.8	39.5	38.8	34.1	...	33.9	
STEEL (ingots and metal for castings)														
China: Mainland	185.4	237.8	372.1	445.8	666.7	1,112.5	...	...	...	...	...	...	...
China: Taiwan	4.1	4.8	6.0	7.4	8.9	13.2	12.4	17.5	15.1	16.5	17.4	16.7	16.7	
India	142.7	144.3	147.1	145.2	153.5	206.0	207.0	235.7	263.2	247.9	264.3	...	...
Japan	645.0	784.0	925.5	1,047.5	1,009.8	1,385.7	1,453.6	1,589.7	1,714.9	1,788.8	1,870.8	1,976.2	1,995.0	
Korea, Republic of	...	...	...	1.4	1.6	3.2	2.8	3.2	5.0	3.2	4.8	5.0	4.2
Pakistan	0.8	0.9	0.9	1.4	0.8	0.8	0.7	1.0	0.9	0.6	0.3	0.4	0.8	
TIN METAL (tons)														
China: Mainland	644	1,016	1,186	1,354	1,524	1,778	1,778	1,778	2,030	2,030	2,030	2,030	2,030	
Fed. of Malaya & Singapore	6,025	5,980	6,203	6,036	3,838	3,872	4,163	4,479	5,358	6,052	7,593	6,988	6,881	
Indonesia	114	150	25	27	51	51	51	51	51	51	51	51	51	
Japan	69	79	94	107	112	111	146	72	85	109	102	102	102	
ELECTRICITY ^a (million kWh)														
Afghanistan	2.83	2.87	2.97	4.10	...	...	...	...	...	...	...	...	...
Brunei	0.13	0.18	0.28	0.41	0.55	...	...	...	...	...	...	...	...
Burma	6.2	7.7	9.3	12.3	15.1	17.6	19.8	19.9	19.5	20.6	...	...	...
Cambodia	2.08	2.31	2.75	3.16	3.60	4.05	4.01	4.24	4.41	4.61	4.90	5.06	...	
Ceylon	14	15	18	17	20	22	22	23	23	25	26	...	...
China: Mainland	917	1,023	1,383	1,608	2,292	3,458	...	...	...	...	...	...	...
China: Taiwan	150	164	187	213	237	268	276	294	266	306	315	339	308	
Federation of Malaya ^p	73	79	84	89	74	77	78	85	92	97	102	101	107	
Hong Kong	41	47	54	62	68	79	87	83	81	90	103	103	94	
India	627	716	803	906	1,031	1,213	1,249	1,267	1,287	1,364	1,382	1,408	1,408	
Indonesia	66	72	75	82	...	...	...	...	...	...	...	...	...
Iran ^{sp}	...	48	50	52	54	...	...	...	...	...	...	...	...
Japan ^p	4,967	5,433	6,011	6,476	6,656	7,939	8,096	8,500	8,372	9,202	9,456	7,939	8,452	
Korea, Republic of	75	73	93	110	126	141	134	152	144	138	145	137	137	
Laos	0.13	0.16	0.23	0.28	0.29	...	...	...	...	...	...	...	...
Pakistan	41	51	64	78	...	...	...	...	...	...	...	...	...
Philippines (Manila)	58	65	77	93	107	125	131	131	134	139	146	148	147	
Singapore	27	31	36	41	47	51	52	53	52	54	56	58	56	
Thailand (Bangkok) ^a	13	18	18	22	23	27	27	29	29	29	29	...	...
Viet-Nam, Republic of	15	17	18	18	20	22	22	23	23	24	25	26	25	

a. Including latex.

b. Lignite.

c. Including lignite.

d. Total production, including gas for repressuring and gas wasted.

e. Specific gravity: Brunei, Burma, Iran, Pakistan and Sarawak, 0.84; China (Taiwan), 0.89; Indonesia, 0.85; Japan, 0.90.

f. Approximate metal content of ores as follows: Federation of Malaya, 60%; Hong Kong, 45%; India, 65%; Japan and the Philippines, 55%; Korea, 45-57%.

g. Including iron sand.

h. Production in government licensed plants only.

i. Annual figures relate to crop year for the Philippines and Thailand, but calendar year for other countries.

j. Paper excluding paper board: India, printing and writing; Japan, foreign style; Korea, newsprint; Pakistan, printing other than newsprint and writing.

k. 16% P₂O₅ content.

m. Comprising motor spirit, kerosene and diesel oil for Burma; gasoline, diesel oil, kerosene and fuel oil for China (Taiwan); motor spirit, aviation spirit, kerosene, heavy oil, wax and paraffin, asphalt and cutback for Indonesia; motor spirit, kerosene, distillate fuel oils and residual fuel oil for Sarawak, Iran and Philippines; gasoline, diesel oil, kerosene, fuel oil, gas oil, lubricating oil and others for Japan; motor spirit and kerosene for Pakistan.

n. Gross production by enterprises generating primarily for public use.

p. Including production by industrial establishments generating primarily for own use.

q. Consumption of electricity; Bangkok Electric Works and Sam Sen Power Station.

13. CONSTRUCTION—NEW BUILDING PRODUCTION, TRANSPORT

Monthly averages or calendar months

	1954	1955	1956	1957	1958	1959	1959		1960				
							III	IV	I	II	III	Oct	Nov
Ceylon: completed*													
(Floor area—thousand sq metres)													
Residential	7.22	6.72	6.49	5.97	1.88	3.95	3.81	4.67	...	...	...	...	...
Non-residential	2.70	2.02	2.20	2.54	1.46	3.08	3.38	3.13	...	...	...	...	...
China: Taiwan: completed													
(Floor area—thousand sq metres)													
Public	4.81	6.15	4.71	5.68	8.41	6.26	3.47	6.71	9.72	14.22	4.04	4.51	16.13
Private	25.67	32.73	23.55	26.87	35.85	24.13	26.58	20.96	20.93	27.28	20.28	23.24	34.62
Hong Kong: completed													
(Cost—thousand Hong Kong dollars)													
Residential	4,236	8,902	8,654	10,267	10,489	13,982	12,788	18,243	23,456	23,812	22,662	15,463	9,794
Industrial	671	862	815	1,016	2,330	1,488	1,903	1,688	2,571	3,388	1,931	2,450	696
Commercial	886	336	1,438	1,204	2,438	1,279	410	3,950	3,597	1,833	14,961	5,500	291
Others	1,807	1,845	2,197	1,696	4,847	1,746	1,963	2,820	1,934	4,806	2,967	1,688	4,297
Japan: started													
(Floor area—thousand sq metres)													
Residential	1,400	1,454	1,752	1,870	1,933	2,145	2,327	2,362	1,847	2,599	2,474	...	...
Non-residential	1,367	1,328	1,565	1,775	1,593	2,093	2,201	2,512	2,092	2,700	3,177	...	...
Korea, Republic of: permits issued													
(Floor area—thousand sq metres)													
Residential . . . . .	...	13 ^b	27	22	37	60	85	57	27	76	72	57	35
Non-residential . . . . .	...	53 ^b	65	66	67	83	98	74	56	86	59	60	51
Philippines: permits issued													
(Value—thousand pesos)													
Residential	850	1,295	1,596	1,732	1,807	1,547	1,386	1,321	970	1,599	1,435	2,125	1,225
Non-residential	1,620	1,857	2,298	3,122	2,193	3,364	2,590	3,955	2,886	3,214	2,107	1,225	1,777
Singapore: completed (Number of dwelling units)													
Public ^d	239	279	184	124	340	127	...	...	...	...	...	...	...
Private ^e	120	200	186	156	145	134	211	48	61	49	38	23	19
Thailand: permits issued (Number of buildings)													
Residential	214	244	201	204	226	163	149	158	213	261	201	183	103
Non-residential	72	72	64	44	27	21	10	28	31	32	29	26	17
Viet-Nam: Republic of													
(Floor area—thousand sq metres)													
Apartments	12.75	6.36	7.10	4.41	7.99	10.21	12.66	15.32	9.22	7.19	...	9.45	...
Houses	11.22	5.10	3.35	3.92	5.23	8.11	8.78	6.85	16.51	11.28	...	14.09	...
Others	4.09	2.10	2.62	1.99	2.80	4.20	8.37	3.16	3.66	4.68	...	4.64	...

a. Excluding particulars of buildings under building schemes.

b. December. c. Manila only.

d. Comprising buildings erected by or on behalf of Public Works Department, Housing and Development Board and City Council.

e. Monthly and quarterly figures exclude buildings erected in city area which are not available.

f. Bangkok only.

g. Saigon-Cholon only.

14. VOLUME OF TRAFFIC: RAILWAYS, SEA-BORNE SHIPPING AND CIVIL AVIATION

Monthly averages or calendar months

	1954	1955	1956	1957	1958	1959	1959		1960				
							III	IV	I	II	III	Oct	Nov
RAILWAYS*													
Passenger-kilometres (million)													
Burma†	57	66	70	79	89	108	103	126	131	...	...	...	...
Cambodia	4	5	6	7	6	6	6	6	7	8	7	4	...
Ceylon†	116	115	123	127	...	...	...	...	...	...	...	...	...
China: Taiwan	166	211	237	287	308	308	272	311	324	297	...	...	...
Hong Kong	6	7	9	10	9	11	10	12	14	14	11	14	12
Fed. of Malaya and Singapore	47	49	50	52	49	50	47	50	52	49	49	46	...
India†	5,040	5,039	5,469	5,584	5,617	5,885	5,401	5,680	6,346	6,474	...	...	...
Indonesia	335	421	388	395	460	552	...	...	...	...	...	...	...
Iran	34	39	37	72	128	...	...	...	...	...	...	...	...
Japan†	7,253	7,603	8,173	8,437	8,851	9,516	9,591	9,430	9,758	10,187	...	...	...
Korea, Republic of	325	309	337	286	348	372	382	397	390	391	408	536	...
North Borneo	0.83	0.92	1.25	1.33	1.33	1.38	1.33	1.31	1.49	1.51	...	...	...
Pakistan†	772	788	860	901	905	960	955	919	985	...	984	1,028	...
Philippines	35	37	43	49	58	62	56	67	64	78	57	...	...
Thailand	196	167	155	164	164	154	126	147	217	222	164	184	173
Viet-Nam ^b	11	11	32	37	36	43	43	48	50	48	41	...	...
Freight ton-kilometres (million)													
Burma†	44	53	51	52	52	59	60	55	71	...	...	...	...
Cambodia	5	2	4	5	5	7	5	6	8	6	8	3	...
Ceylon†	22	22	24	25	22	25	27	28	24	25	...	...	...
China: Taiwan	122	137	142	159	158	155	118	170	170	172	...	...	...
Hong Kong	32	33	37	36	32	46	50	55	60	59	60	...	...
Fed. of Malaya and Singapore	0.33	0.51	0.65	0.57	0.66	0.75	0.75	1.02	0.74	0.84	1.11	1.27	1.20
India†	4,351	4,613	5,203	5,963	6,158	6,552	6,229	6,319	7,821	5,981	...	...	...
Indonesia	81	88	87	87	89	87	...	...	...	...	...	...	...
Iran	99	104	113	125	121	161	151	167	167	170	...	...	...
Japan†	3,277	3,500	3,859	3,971	3,727	4,088	3,841	4,431	4,115	4,362	4,283	...	...
Korea, Republic of	155	156	169	197	204	234	221	261	245	254	260	255	...
North Borneo	0.25	0.25	0.33	0.33	0.33	0.31	0.30	0.32	0.29	...	...	...	...
Pakistan†	449	469	529	557	596	613	498	608	695	687	589	713	...
Philippines	12	13	12	13	17	15	15	15	16	19	17	...	...
Thailand	57	65	76	85	91	100	87	97	115	113	97	88	100
Viet-Nam ^b	12	7	5	7	7	10	10	12	13	15	14	...	...

14. VOLUME OF TRAFFIC: RAILWAYS, SEA-BORNE SHIPPING AND CIVIL AVIATION (Cont'd)
Monthly averages or calendar months

		1954	1955	1956	1957	1958	1959	1959		1960					
								III	IV	I	II	III	Oct	Nov	
INTERNATIONAL SEA-BORNE SHIPPING															
Freight loaded (L) and unloaded (U) in external trade (thousand tons)															
Burma ^a	L . . .	150	145	168	201	220	217	217	171	226	...	...	...	...
	U . . .	90	73	78	110	145	134	103	99	106	...	...	...	...
Ceylon	L . . .	92	88	82	83	69	66	60	77	59	65	69	70	63	
	U . . .	203	191	205	268	280	321	274	410	409	325	354	446	288	
China: Taiwan	L . . .	85	106	104	111	149	147	106	133	160	160	120	...	...
	U . . .	142	155	177	193	189	203	221	190	213	220	285	...	...
Fed. of Malaya	L . . .	183	226	284	310	258	345	445	308	290	612	551	484	272	
	U . . .	193	231	241	235	221	226	228	243	243	270	285	308	277	
Hong Kong	L . . .	126	141	162	143	164	166	166	190	188	178	181	167	...	
	U . . .	303	347	386	426	443	458	471	494	498	472	508	508	...	
Indonesia	L . . .	1,068	1,040	1,096	1,500	1,412	1,067	931	642	1,407	1,279	1,305	1,573	...	
	U . . .	326	389	488	526	292	292	337	263	254	218	225	313	...	
Iran ^{a,d}	L . . .	292	1,199	1,181	1,686	...	2,363	2,151	2,404	2,394	2,392	2,441	2,727	...	
	U . . .	65	89	72	84	...	106	107	102	108	131	94	119	...	
Japan ^a	L . . .	476	624	681	645	728	790	781	805	819	853	921	912	894	
	U . . .	2,794	3,058	3,870	4,890	4,093	5,411	5,613	6,185	6,635	6,854	7,634	7,558	7,830	
Korea, Republic of	L . . .	9	7	11	15	10	15	15	8	10	27	30	29	43	
	U . . .	82	138	74	104	98	96	87	80	100	363	173	197	176	
North Borneo	L . . .	35	39	46	62	70	98	115	108	95	117	118	...	...
	U . . .	16	18	23	24	29	35	37	37	39	39	41	...	...
Pakistan	L . . .	101	124	120	100	94	120	99	159	134	128	141	186	171	
	U . . .	218	236	335	384	378	333	322	324	499	551	543	493	416	
Philippines	L . . .	442	483	587	494	468	449	...	...	615	...	...	...	...
	U . . .	251	280	347	297	242	309	...	...	310	...	...	...	...
Sarawak	L . . .	410	444	485	478	441	527	540	506	450	439	454	...	...
	U . . .	13	17	19	17	16	23	23	23	24	24	29	...	...
Singapore	L . . .	450	510	552	554	483	430	446	441	418	419	450	472	...	
	U . . .	769	883	921	958	855	773	813	768	745	800	818	876	...	
Thailand (Bangkok)	L . . .	138	161	164	166	162	175	156	233	216	186	193	236	277	
	U . . .	108	116	126	138	142	154	150	154	160	167	162	159	164	
Viet-Nam (Saigon)	L . . .	36	39	28	47	40	52	60	54	82	75	73	...	...
	U . . .	126	112	108	115	125	141	154	146	132	145	140	...	...
Entrances (E) and clearances (C) of vessels with cargo in external trade (thousand net registered tons)															
India	E . . .	753	806	829	947	1,014	1,079	1,129	1,081	1,061	1,243	1,194	...	...
	C . . .	800	702	737	702	812	960	954	884	812	859	926	...	...
CIVIL AVIATION ^a															
Passenger-kilometres (million)															
Burma		4.55	5.11	4.99	3.36	3.89	3.81	3.28	3.00	4.1	5.2	...	...	...
Ceylon		0.77	0.79	2.45	3.28	3.81	4.04	4.81	4.11	4.0	4.0	4.3	3.8	...	
China: Taiwan		3.64	3.85	3.99	4.50	4.55	5.48	6.33	5.42	4.67	5.49	5.42	6.78	...	
India		36.70	42.92	56.60	65.13	72.0	78.23	76.8	82.31	78.13	89.32	102.27	...	...
Indonesia		15.01	19.87	22.40	23.34	16.16	21.40	22.48	22.93	...	...	...	...	...
Iran		1.60	2.58 ^b	2.84 ^b	3.33	3.47	...	...	...	...	...	...	...	...
Japan		19.47	27.43	37.96	47.37	57.19	70.18	82.63	72.37	64.14	...	...	...	...
Pakistan		4.88	9.21	12.03	17.71	19.12	21.10	23.51	21.92	24.22	28.59	29.32	31.70	...	
Philippines		10.84	10.08	11.74	13.94	15.61	19.75	17.57	20.36	23.88	28.09	22.48	25.71	25.01	
Thailand		3.35	4.14	5.01	6.53	4.18	3.56	3.06	3.96	3.38	3.50	5.85	...	...
Freight ton-kilometres (thousand)															
Burma		181	112	94	66	73	76	84	74	83	83	...	...	...
Ceylon		12	14	118	144	120	161	178	186	164	166	172	181	...	
China: Taiwan		199	203	162	165	168	180	165	174	163	153	156	183	...	
India		2,357	2,879	3,215	3,225	3,402	3,473	3,449	3,682	3,485	3,678	3,848	...	...
Indonesia		621	662	729	782	453	476	472	499	415	451	471	...	...
Iran		17	50 ^b	105 ^b	213	284	...	...	...	...	...	...	...	...
Japan		258	508	762	942	1,215	1,614	1,618	2,126	1,683	...	...	...	...
Pakistan		147	214	260	357	543	1,145	1,161	1,374	1,351	1,411	1,548	1,965	...	
Philippines		361	315	335	386	347	407	404	449	431	417	...	...	...
Thailand		151	107	112	156	73	41	40	41	34	58	117	...	...

a. Railway traffic coverage: China (Taiwan), Taiwan Railway Administration; India and Pakistan, class I railways; Japan, State Railways only; Philippines, Manila Railroad Company.

b. From August 1954, Republic of Viet-Nam only.

c. Including service traffic.

d. Caspian Sea traffic included.

e. Excluding military and charity goods and transit traffic, including imports and exports by air and parcel post, and prior to 1955, including also trade in ships delivered as goods without being loaded on other ships.

f. Scheduled domestic and international routes.

g. Including non-scheduled and/or non-revenue operations.

15. RAILWAYS: LENGTH AND ROLLING STOCK*

	LENGTH OF RAILWAYS (km)								NUMBER OF LOCOMOTIVES ^b							
	1938	1948	1955	1956	1957	1958	1959	1960	1938	1948	1955	1956	1957	1958	1959	1960
Burma	3,314	2,911	2,787	2,885	2,921	2,969	2,990	2,990	369	274	312	312	312	303	303	303
Cambodia . . .	339	385	385	385	385	385	385	385	...	...	24	24	24	24	24	24
Ceylon	1,530	1,438	1,446	1,446	1,446	...	...	...	249	236	270	273	276	277	...	...
China: Mainland	...	...	27,171	29,237	29,862	31,193	...	...	...	...	...	...	...	...	...	...
China: Taiwan .	882	917	950	950	959	959	973	...	205	253	252	252	250	250	...	...
Fed. of Malaya .	...	1,730	2,092	2,092	2,092	2,092	2,092	...	...	201	193	196	200	199	187	...
Hong Kong . . .	...	36	36	36	36	36	36	36	17	19	16	18	18	12	12	...
India	59,472	49,322	50,498	50,610	50,785	51,060	51,338	51,551	8,488	8,194	8,803	9,288	9,719	10,093	10,393	10,534
Indonesia . . .	7,332	3,617	6,840	6,840	6,640	6,640	6,640	...	1,273	584 ^c	1,065	1,066	1,073	1,125	1,209	...
Iran . . . . .	...	...	2,567	...	3,234	...	...	...	...	...	276	262	341	361	...	...
Japan	17,934	19,752	20,046	20,093	20,186	20,276	20,357	20,402	...	6,283	5,474	5,425	5,387	5,406	5,334	...
Korea, Republic of	...	2,558	2,846	2,910	2,938	2,949	2,978	2,976 ^d	...	656	527	528	546	528	465	318 ^e
North Borneo . .	209	...	187	187	187	187	...	...	...	11	16	19	19	19	...	...
Pakistan . . . .	...	11,162	11,336	11,335	11,333	11,333	16,144	16,199	...	1,286	1,317	1,252	1,270	1,293	1,326	1,350
Philippines . . .	...	866	962	964	964	...	...	...	...	92	105	166	133	133	...	...
Thailand	3,100	3,213	3,377	3,471	3,471	3,494	3,494	...	200	339	387	380	380	380	373	...
Viet-Nam, Rep. of	2,569	968	1,127	1,020	1,265	1,323	1,364	...	...	...	121	123	123	123	122	...
	NUMBER OF PASSENGER CARS ^c								NUMBER OF WAGONS ^d							
	1938	1948	1955	1956	1957	1958	1959	1960	1938	1948	1955	1956	1957	1958	1959	1960
Burma	1,167	479	742	733	819	935	977	854	9,690	6,912	7,511	7,475	8,680	9,349	9,427	8,709
Cambodia . . . .	...	...	47	47	47	47	47	58	...	...	392	392	392	390	390	459
China: Taiwan . .	498	456	571	578	640	638	...	...	4,654	5,703	5,530	5,368	5,332	5,701	...	...
Fed. of Malaya . .	...	289	327	337	353	370	373	...	...	4,967	4,938	5,185	5,134	5,222	5,355	...
Hong Kong	44	35	48	55	51	51	51	51	...	90	227	227	215	210	210	210
India	26,338	20,979	23,335	23,880	24,604	25,317	26,638	27,888	221,509	214,320	234,187	243,192	269,878	292,105	304,198	306,714
Indonesia	3,600	2,021	3,041	3,033	3,085	3,136	3,027	...	27,247	16,690	23,127	23,169	23,386	22,988	22,956	...
Iran . . . . .	...	...	136	163	183	...	...	...	...	...	3,383	3,898	4,667	4,737	...	...
Japan . . . . .	...	...	14,154	14,406	14,730	15,564	16,082	...	...	...	104,404	104,022	104,917	108,968	107,851	...
Korea, Republic of	...	1,321	974	1,144	1,158	1,153	1,259	1,331 ^f	...	9,318	11,934	11,522	10,593	9,963	9,793	9,541 ^f
North Borneo . . .	...	22	36	40	41	41	...	...	...	80	141	143	130	132	...	...
Pakistan . . . . .	...	2,987	2,681	2,720	2,762	2,773	4,343	4,607	...	34,702	41,329	38,878	39,090	40,292	41,622	45,711
Philippines . . . .	...	258	144	152	142	140	...	...	...	2,089	2,280	2,250	2,063	1,978	...	...
Thailand	322	453	660	658	777	816	811	...	3,833	5,436	6,212	6,599	6,912	6,950	7,057	...
Viet-Nam, Rep. of	...	...	188	208	217	219	262	...	...	...	978	1,077	1,068	1,068	1,372	...

a. The figures show stock under the control of the railways of the country i.e. the stock of the railways plus that hired from, less that leased to, others. Stock on short term loan to or from other countries is not considered to be leased or hired. The railways to which the figures refer are those open to public traffic excluding urban and suburban tramways, cable and funicular railways. Privately-owned stock registered in the railway administration is considered to be under the control of the railway in question. The time of year to which the stock refers is the end of the working year.

b. Locomotives: All vehicles with engines or motor and motive power or with motors only (electric locomotives) designed exclusively for transporting themselves and hauling other vehicles. Excludes railcars.

c. Passenger cars: All passenger carrying cars including railcars, baggage cars and railway-owned postal vans.

d. Wagons (freight cars): All goods-carrying wagons excluding baggage vans and wagons used exclusively for service traffic.

e. Excluding locomotives under repair.

f. As at November 1960.

TRANSPORT

16. ROADS: MOTOR VEHICLES IN USE^a

Thousands

	NUMBER OF PASSENGER CARS ^b								NUMBER OF COMMERCIAL VEHICLES ^c							
	1938	1948	1955	1956	1957	1958	1959	1960	1938	1948	1955	1956	1957	1958	1959	1960
Brunei . . .	...	0.1	1.0	1.1	1.4	1.7	2.3	...	...	0.2	0.9	1.8	2.1	1.7	1.1	...
Burma . . .	6.9	10.9	15.2	15.5	17.5	18.5	18.9	...	14.0	22.0	15.4	19.3	17.6	20.2	19.3	...
Cambodia . . .	...	0.9	3.9	5.2	5.7	8.3	9.4	10.1 ^e	...	1.2	4.1	4.5	4.7	5.1	5.4	5.7 ^a
Ceylon . . .	21.0	27.6	55.2	59.1	63.6	68.1	74.7	...	6.9	12.6	21.5	23.3	25.3	27.4	30.2	...
China (Taiwan) . . .	...	1.6	4.8	5.6	5.9	6.7	7.1	...	...	3.4	7.1	7.3	7.7	8.6	9.9	...
Fed. of Malaya . . .	...	19.8	57.0	65.8	72.9	78.4	84.7	...	...	15.1	21.3	23.6	25.5	27.0	28.8	...
Hong Kong . . .	...	6.4	17.4	20.2	23.2	25.1	27.7	31.7 ^f	...	2.2	3.7	4.1	5.1	6.2	7.4	9.3 ^d
India . . .	...	119.9	186.0	203.2	219.5	244.9	258.2	...	...	86.1	157.1	181.4	181.9	209.7	219.4	...
Indonesia . . .	53.1	17.6	63.6	73.2	73.5	74.8	...	...	16.9	18.7	55.2	62.9	53.9	56.4	...	...
Iran . . .	...	...	28.6	39.0	49.3	63.4	78.3	...	...	...	24.1	25.8	31.8	34.8	39.3	...
Japan . . .	59.3	30.3	153.3	181.1	218.5	259.6	318.8	...	142.3	131.2	710.3	817.9	946.9	1,053.5	1,187.2	...
Korea, Republic of . . .	...	3.0	6.6	8.4	9.7	10.8	12.1	12.4 ^f	...	10.0	11.1	16.1	17.5	17.3	17.3	17.7 ^f
Laos . . .	0.3	0.2	0.7	1.7	3.0	3.9	...	...	0.15	0.1	1.0	1.3	1.7	2.0	...	...
North Borneo . . .	...	0.2	1.4	2.1	2.4	2.8	3.5	4.0	...	0.4	0.8	0.9	1.0	1.1	1.2	1.4
Pakistan . . .	...	21.9	27.0	30.2	34.1	43.6	48.6	...	...	14.5	20.2	20.6	21.5	24.0	24.7	...
Philippines . . .	...	34.6	58.3	65.8	70.6	72.2	73.6	...	...	49.5	62.6	65.7	73.2	72.0	66.7	...
Sarawak . . .	0.19	0.2	1.1	1.5	1.7	2.1	2.4	2.7 ^d	0.11	0.2	0.7	0.8	0.8	0.9	1.1	1.1 ^d
Singapore . . .	10.2	12.7	42.0	47.2	51.3	56.6	61.2	65.6 ^d	3.0	7.1	10.9	11.8	12.6	13.5	14.2	14.8 ^d
Thailand . . .	5.1	6.7	24.8	27.9	31.2	36.1	40.7	...	5.1	8.3	27.8	28.8	32.5	37.1	47.0	...
Viet-Nam, Rep. of . . .	10.8	11.0	31.2	32.4	29.9	35.3	36.1	...	3.1	5.0	11.6	15.5	13.1	15.1	16.8	...

a. Two or three-wheeled cycles and motorcycles, trams, trolley buses, ambulances, hearses, military vehicles, vehicles operated by police or other governmental security organizations and special purpose vehicles are excluded.

b. Passenger cars: motor cars seating less than eight persons, including taxis, jeeps and station wagons.

c. Commercial vehicles: including lorries (trucks) buses, tractor, and semi-trailer combinations; excluding trailers and farm tractors.

d. Figures at the end of October, 1960.

e. As at 1st September, 1960.

f. As at the end of June, 1960.

EXTERNAL TRADE

17. VALUE OF EXPORTS AND IMPORTS AND BALANCE OF TRADE

Monthly averages or calendar months

Millions

	Ex-ports	Im-ports	Balance	Ex-ports	Im-ports	Balance	Ex-ports	Im-ports	Balance	Ex-ports	Im-ports	Balance	Ex-ports	Im-ports	Balance	Ex-ports	Im-ports	Balance	
	AFGHANISTAN* (Afghanis)			BRUNEI (Malayan dollar)			BURMA (kyat)			CAMBODIA (riel)			CEYLON (rupee)			CHINA (mainland) ^b (US dollar)			
1954	120	86	+34	22.8	8.3	+14.5	100	81	+19	184	172	+12	151	116	+35	100	123	-23	
1955	113	105	+8	25.3	8.7	+16.6	90	72	+18	117	139	-22	162	122	+40	118	125	-7	
1956	125	135	-9	27.5	9.5	+18.0	98	78	-20	107	165	-58	144	135	+9	142	137	+5	
1957	165	164	+1	28.3	9.0	+19.3	91	117	-26	151	170	-19	140	150	-10	142	128	+14	
1958	144	211	-67	27.2	7.4	+19.8	77	81	-4	154	222	-68	142	143	-1	162	165	-3	
1959	...	...	...	25.8	5.2	+20.6	89	88	+1	175	204	-29	146	167	-21	175	188	-13
1959	III	...	...	25.1	5.2	+19.9	111	86	+25	189	229	-40	146	215	-69	...	...	...
1960	IV	...	...	25.0	4.9	+20.1	87	109	-22	170	227	-57	161	184	-23	...	...	...
1960	I	...	...	22.4	5.2	+17.2	113	106	+7	185	275	-90	170	184	+6	...	...	...
1960	II	...	...	21.1	5.4	+15.7	116	99	+17	139	264	-125	147	156	-9	...	...	...
1960	III	...	...	19.6	5.2	+14.4	76	105	-29	249	277	-28	148	182	-34	...	...	...
1960	Oct	...	...	...	...	...	55	103	-48	144	248	-104	175	166	+9	...	...	...
1960	Nov	...	...	...	...	...	41	102	-61	266	357	-91	128	147	-19	...	...	...
	CHINA (Taiwan) (NT dollar)			FEDERATION OF MALAYA* (Malayan dollar)			HONG KONG (HK dollar)			INDIA (rupee)			INDONESIA* (rupiah)			IRAN ^c (1,000 Mn rial)			
1954	121	275	ICA imports 125	135	110	+25	202	286	Exports, domestic 57	469	515	-46	823	598	+225	1.02	1.88	-0.86	
1955	160	262	127	198	129	+69	212	310	61	506	561	-55	898	600	+298	1.46	2.25	-0.79	
1956	244	400	168	188	146	+42	268	381	65	516	685	-169	851	817	+34	1.99	2.09	-0.10	
1957	306	438	172	182	151	+31	252	429	62	547	890	-343	921	763	+158	2.30	2.62	-0.32	
1958	322	467	138	157	138	+19	249	383	105 ^d	485	732	-247	718	488	+230	2.57	3.78	-1.21	
1959	476	702	212	206	145	+61	273	412	190	519	740	-221	829	436	+393	...	...	...
1959	289	831	248	222	151	+71	291	435	196	559	646	-87	786	425	+361	0.52	3.35	-2.83	
1960	478	685	219	242	165	+77	320	474	222	637	682	-45	915	556	+359	0.80	3.32	-2.52	
1960	I	490	686	183	247	169	+78	325	487	236	518	691	-173	3,211	1,811	+1,400	...	...
1960	II	557	1,073	472	245	175	+70	322	490	241	494	832	-338	3,301	2,113	+1,188	...	...
1960	III	365	942	383	252	184	+68	339	483	246	527	772	-245	2,929	2,129	+800	...	...
1960	Oct	452	819	301	221	182	+39	321	458	222	560	729	-169	3,110	2,219	+891	...	...
1960	Nov	...	...	...	227	186	+41	323	513	236	620	687	-67	...	...	...	...	...
	JAPAN* (1,000 Mn yen)			KOREA, ^b Republic of (US dollar)			LAOS (kip)			NORTH BORNEO (Malayan dollar)			PAKISTAN (rupee)			PHILIPPINES ^c (peso)			
1954	48.9	72.0	Special procure- ment 7.2	2.0	20.6	-18.6	3	47	-44	6.4	6.2	+0.2	99	92	+7	65.8	79.8	-13.0	
1955	50.3	74.1	5.2	1.5	28.7	-27.2	4	55	-51	8.7	7.3	+1.4	125	90	+35	66.8	91.3	-24.5	
1956	75.0	96.9	5.0	2.1	32.4	-30.3	4	103	-99	10.1	9.8	+0.3	135	166	-31	75.5	84.4	-8.9	
1957	85.7	128.5	6.9	1.9	37.2	-35.3	3	122	-119	10.0	10.1	-0.1	134	174	-40	71.8	102.2	-30.4	
1958	86.3	91.0	4.3	1.4	31.5	-30.1	5	87	-82	10.9	10.7	+0.2	118	157	-39	82.1	93.1	-11.0	
1959	103.7	108.0	4.7	1.6	23.6	-22.0	7	86	-79	14.8	13.0	+1.8	127	140	-13	88.2	84.9	+3.3	
1959	III	106.0	108.3	5.0	1.6	26.5	-25.0	8	90	-82	16.0	13.6	+2.4	113	145	-32	98.7	87.1	+11.6
1960	IV	123.9	115.2	2.3	1.3	23.2	-21.9	8	91	-83	17.7	14.4	+3.3	172	175	-3	91.5	97.7	-6.2
1960	I	106.3	135.6	3.4	1.4	22.1	-20.7	8	111	-103	16.9	14.5	+2.4	157	218	-61	89.6	86.4	+3.2
1960	II	115.1	133.4	9.1	2.8	28.3	-25.5	6	112	-106	19.1	16.9	+2.2	172	282	-110	113.4	96.3	+17.1
1960	III	125.9	135.8	4.1	2.7	23.1	-20.4	18.0	16.6	+1.4	122	238	-116	128.2	142.4	-14.2
1960	Oct	127.0	126.7	3.2	2.3	18.8	-16.5	192	323	-131	76.7	110.0	-33.3
1960	Nov	131.9	131.1	1.8	4.0	20.3	-16.3	80.4	98.7	-18.3
	SARAWAK (Malayan dollar)			SINGAPORE* (Malayan dollar)			THAILAND (baht)			VIET-NAM ^d (piastre)			General Notes: Special trade system for Cambodia, China: Taiwan, Indonesia, Iran, Republic of Korea, Laos, North Borneo, Sarawak and Viet-Nam; general trade for other countries. Figures on imports include aid unless otherwise specified.						
1954	35.5	33.2	+2.3	224	252	-28	515	585	-70	164	946	-782							
1955	39.8	36.8	+3.0	281	322	-41	593	625	-32	202	768	-566	a. Years beginning about 22 March. Exports are home produced goods, and imports are all imports.						
1956	40.6	38.7	+1.9	286	327	-41	577	640	-63	132	635	-503							
1957	41.6	38.8	+3.0	290	338	-48	628	711	-83	235	842	-607	b. Source: U.N. Monthly Bulletin of Statistics. Estimates based partly on import data of trading partners. Where exports to China: Taiwan could not be distinguished from exports to China mainland they are shown as exports to China (mainland). Exports to the Mongolian People's Republic, Korea North and Viet-Nam North are included under this heading. The intertrade of these countries and their trade with China (mainland) are excluded.						
1958	38.6	36.1	+2.5	262	312	-50	537	686	-149	161	677	-516							
1959	44.4	37.9	+6.5	287	326	-39	631	737	-106	219	655	-436	c. Including trade between Singapore and Federation of Malaya.						
1959	III	45.9	38.8	+7.1	298	332	-34	643	746	-103	256	646							-390
1960	IV	44.9	39.6	+5.3	316	350	-34	703	819	-116	313	782	-469	d. For 1955 only, products wholly or principally of Hong Kong origin.					
1960	I	43.2	36.6	+6.6	299	348	-49	751	816	-65	197	698	-501						
1960	II	44.4	37.2	+7.2	300	344	-44	682	762	-100	258	691	-433	e. Data compiled and published in rupiah at the official rate. Beginning 25 August 1959, the exchange rate was fixed at 45 rupiah per US dollar and the system of export certificates previously in effect was abolished.					
1960	III	40.0	36.8	+3.2	282	332	-50	668	782	-114	323	646	-323						
1960	Oct	312	324	-12	655	740	-85	236	707	-471	f. Years beginning 21 March. Including value of exchange certificates. From 1959, quarterly figures on exports exclude petroleum; for 1959, quarterly data on imports exclude governmental imports.					
1960	Nov	...	...	...	274	327	-53	829	802	+27	179	695	-516					

e. Data compiled and published in rupiah at the official rate. Beginning 25 August 1959, the exchange rate was fixed at 45 rupiah per US dollar and the system of export certificates previously in effect was abolished.

f. Years beginning 21 March. Including value of exchange certificates. From 1959, quarterly figures on exports exclude petroleum; for 1959, quarterly data on imports exclude governmental imports.

g. Data on Special Procurement not included in statistics.

h. Prior to 1955, figures based on foreign exchange settlements at the Bank of Korea. From 1955 onwards, government imports are still based on exchange settlements, but exports and private imports are based on data of Bureau of Customs.

i. Imports valued f.o.b.

j. Prior to January 1955, excluding trade with Cambodia and Laos but including transit trade of these countries with other countries through Viet-Nam. Beginning June 1955, trade of the Republic of Viet-Nam only.

EXTERNAL TRADE

18. DIRECTION OF INTERNATIONAL TRADE

Quarterly averages or quarters

Million dollars

Area of origin for imports and area of destination for exports	Year and Quarter	BURMA		CAMBODIA		CEYLON		CHINA: Taiwan		FEDERATION OF MALAYA		HONG KONG		INDIA		INDONESIA ^a	
		Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
1. All countries	1953	59.4	44.2	...	...	82.3	84.5	31.9	45.5	75.2	73.1	120.8	170.6	279.0	300.2	210.0	191.2
	1954	62.1	51.1	...	...	95.0	73.4	23.3	52.8	76.2	66.1	120.3	164.9	295.6	323.8	214.0	157.3
	1955	56.7	45.2	10.0	11.9	101.8	76.7	30.8	50.2	112.3	78.1	127.5	180.0	319.1	353.4	236.4	157.8
	1956	61.5	49.4	9.3	13.7	91.1	85.8	29.6	48.4	117.0	186.2	163.0	221.2	312.8	427.2	220.5	213.3
	1957	52.5	74.0	12.9	14.6	88.3	94.7	37.1	53.1	114.2	90.0	149.8	243.0	337.5	538.6	242.4	199.2
	1958	45.3	50.8	13.9	18.7	86.7	90.1	39.0	56.6	101.7	81.3	141.1	211.5	304.0	453.7	188.8	128.3
	1959	55.7	55.7	14.4	16.5	88.8	105.3	39.2	57.9	136.4	83.3	157.3	229.8	327.0	465.9	218.1	114.7
	III	68.6	54.3	16.2	19.6	89.5	135.0	23.7	68.5	147.6	86.7	159.5	238.5	352.2	457.4	209.2	111.9
	IV	58.6	68.8	14.5	19.5	97.9	101.8	39.5	54.9	158.1	96.7	179.6	261.2	397.2	469.3	239.0	146.3
	1960 I	71.4	67.0	15.9	23.6	104.3	103.7	40.4	58.6	171.6	100.2	184.6	270.4	321.7	441.4	214.1	120.7
	II	70.5	62.4	11.9	22.5	88.4	98.0	46.0	88.5	165.7	102.9	179.9	264.1	313.5	524.3	219.9	140.9
	III	...	...	21.4	23.7	90.7	113.7	30.1	77.7	175.8	111.7	192.8	267.8	314.4	560.4	196.5	...
	1953	45.0	22.9	...	...	16.6	34.9	21.8	17.5	13.5	35.2	90.0	93.4	54.4	42.5	72.2	78.2
2. ECAFE countries* (including Japan)	1954	52.2	26.3	...	...	19.0	32.6	18.8	20.7	14.0	31.9	72.5	76.1	48.7	62.4	86.0	64.8
	1955	40.4	22.0	4.3	7.4	15.4	35.0	25.6	18.0	16.1	38.7	69.0	91.7	62.4	70.2	81.1	48.0
	1956	45.5	23.1	3.3	8.8	17.4	39.6	23.0	19.9	20.7	40.6	93.1	115.6	55.5	76.6	85.2	77.0
	1957	39.0	35.8	5.3	8.3	15.9	43.6	28.9	20.6	28.2	43.4	75.8	120.7	56.7	97.0	105.6	68.8
	1958	34.1	26.4	4.9	9.5	8.5	38.8	31.2	25.2	26.3	40.5	62.9	114.9	54.0	86.2	89.2	51.8
	1959	38.7	29.8	5.0	8.7	9.9	42.4	32.3	26.7	34.7	42.2	57.3	119.8	61.8	72.0	91.5	50.0
	III	52.4	30.0	3.8	12.3	10.3	54.5	16.0	32.0	39.8	44.4	57.2	126.0	70.9	67.8	91.3	41.9
	IV	37.3	38.2	7.0	10.3	11.1	45.8	34.8	26.2	40.5	51.5	67.5	140.5	69.6	92.3	90.9	70.6
	1960 I	51.7	34.0	6.3	11.2	19.6	43.5	30.1	23.1	41.9	53.9	65.3	139.2	57.1	83.7	82.4	63.1
	II	...	...	4.8	9.3	8.5	43.3	35.9	30.7	42.6	54.3	59.5	130.3	61.1	83.7	99.3	67.0
	III	...	...	8.4	12.5	11.9	52.1	20.6	34.5	47.5	62.4	63.5	134.1	53.1	78.9	90.6	...
3. Japan	1953	11.2	7.3	...	...	0.5	3.6	14.5	13.5	5.0	1.9	9.7	16.8	14.2	6.5	9.4	31.8
	1954	14.6	11.2	...	...	0.8	4.0	11.9	17.6	5.3	2.2	5.0	20.3	8.6	8.8	12.5	34.2
	1955	11.4	9.6	0.1	1.2	0.6	5.2	18.3	15.3	7.3	3.6	6.4	23.0	13.8	16.9	18.3	21.6
	1956	9.4	8.2	0.4	2.6	0.8	6.0	11.0	17.6	9.8	3.8	13.9	35.5	15.7	22.9	18.4	33.4
	1957	5.9	17.7	0.3	2.4	1.4	6.8	13.1	17.6	14.4	3.6	10.0	33.4	14.4	28.6	10.0	30.0
	1958	2.5	12.2	0.1	3.3	2.0	8.2	16.3	22.4	13.4	3.2	5.2	26.1	13.6	20.8	6.8	17.4
	1959	2.1	12.6	0.6	2.2	2.2	7.8	16.3	23.4	24.6	4.5	10.1	33.7	18.1	21.5	8.3	17.1
	III	1.3	10.1	0.6	3.8	2.1	6.2	3.9	28.4	28.9	4.9	10.4	35.1	20.0	13.5	5.1	16.0
	IV	1.5	18.1	1.5	2.0	1.8	9.3	19.3	23.0	29.6	5.2	12.3	40.2	17.6	20.3	10.6	21.8
	1960 I	2.9	13.0	1.6	3.5	4.1	8.4	16.7	19.2	28.7	6.7	12.3	41.1	18.1	20.1	9.9	14.0
	II	...	...	0.3	2.7	2.7	8.2	19.8	27.3	29.5	6.0	8.9	42.9	22.3	28.4	7.8	26.6
	III	...	...	1.0	4.2	2.4	9.0	8.9	30.7	33.4	6.9	9.2	38.2	13.7	27.3	8.8	...
4. Western Europe (including UK)	1953	6.4	16.9	...	...	30.4	27.3	3.9	6.3	36.8	28.3	10.5	50.9	102.7	127.8	74.2	65.2
	1954	5.4	20.2	...	...	34.8	24.2	1.4	4.5	37.2	27.2	10.6	42.4	122.2	144.2	71.6	52.0
	1955	8.8	18.8	3.1	3.7	38.8	26.6	1.7	3.5	58.3	31.4	15.9	41.6	126.6	159.2	79.3	60.4
	1956	7.6	18.9	3.1	3.0	35.8	30.2	1.8	4.5	54.8	36.4	18.6	46.9	130.6	219.6	80.8	75.8
	1957	4.9	27.2	3.3	4.4	31.6	29.2	1.3	4.9	50.0	36.5	20.7	61.2	119.3	285.6	78.0	73.8
	1958	4.4	17.1	3.8	7.3	37.8	30.4	1.5	4.9	42.8	31.9	24.9	46.9	116.2	190.9	47.4	42.2
	1959	8.9	18.2	4.8	5.9	36.4	35.9	2.2	5.6	50.5	32.0	29.7	50.5	126.1	206.9	72.0	34.7
	III	8.6	17.9	5.0	5.1	23.7	29.4	2.7	7.6	53.2	33.5	29.4	53.8	132.0	198.8	70.0	38.0
	IV	11.6	21.8	5.4	6.7	40.0	38.6	3.2	6.3	61.0	36.1	33.8	54.7	167.5	206.3	89.7	44.6
	1960 I	10.3	21.8	5.7	8.9	39.3	33.8	1.7	5.5	73.1	34.8	36.6	59.1	125.0	198.8	68.0	30.5
	II	...	...	4.5	10.1	37.5	40.3	1.5	13.0	72.3	37.4	39.6	61.1	103.6	242.0	47.7	41.4
	III	...	...	6.9	6.4	35.3	32.2	3.1	8.1	74.7	38.4	40.6	57.9	116.4	220.2	33.7	...
5. United Kingdom	1953	4.4	11.8	...	...	20.4	19.0	2.1	2.0	18.5	23.1	5.2	20.8	78.5	74.2	4.4	13.5
	1954	3.9	12.5	...	...	26.4	15.4	0.7	1.3	14.9	21.3	7.1	16.2	93.1	79.2	9.8	8.5
	1955	4.8	11.5	0.2	0.1	26.5	16.2	0.9	0.6	26.5	24.1	11.0	19.3	88.3	84.8	23.0	8.7
	1956	4.6	10.4	0.1	0.2	26.3	18.3	0.7	0.8	23.2	27.2	13.0	22.4	98.7	109.1	19.6	12.9
	1957	3.2	15.7	—	0.2	24.1	19.4	0.3	0.8	24.6	26.8	14.7	29.2	84.5	125.2	17.6	11.4
	1958	3.4	9.4	0.1	0.4	29.7	21.8	0.2	1.0	20.7	24.5	17.2	23.2	87.3	89.5	24.0	6.8
	1959	4.9	10.7	—	0.2	25.2	26.0	0.4	0.9	19.2	21.4	20.2	25.1	90.4	90.7	47.7	7.5
	III	4.7	10.2	—	0.2	16.7	21.8	0.4	0.9	24.1	22.5	19.5	26.2	98.1	94.7	47.5	7.9
	IV	6.5	13.4	0.3	0.2	27.3	29.3	0.8	0.9	20.6	21.9	22.8	27.4	123.3	95.3	58.2	10.3
	1960 I	5.3	11.8	0.2	0.5	27.8	22.4	0.3	1.0	24.0	24.0	24.7	29.9	87.7	96.0	48.3	8.0
	II	...	...	0.2	0.5	27.1	24.1	0.3	1.1	30.3	26.0	27.2	29.8	69.4	114.7	16.5	12.1
	III	...	...	0.8	0.6	25.2	22.3	0.6	1.4	22.2	25.5	28.5	27.7	89.2	100.7	10.4	...
6. Eastern Europe	1953	—	0.2	...	...	0.2	0.6	—	—	1.5	0.2	—	1.0	1.8	2.0	1.1	1.4
	1954	0.2	0.6	...	...	0.1	0.6	—	—	1.9	0.2	—	1.0	2.8	4.0	1.8	3.3
	1955	5.6	0.4	—	—	0.1	0.4	—	—	2.1	0.2	—	0.8	2.2	4.2	6.7	7.2
	1956	5.6	3.8	—	—	0.1	0.4	—	—	4.7	0.3	—	0.8	9.1	13.0	3.0	2.8
	1957	4.4	5.2	—	—	0.3	0.4	—	—	3.4	0.4	—	0.6	12.6	19.8	2.2	1.6
	1958	2.8	3.4	—	0.2	0.3	0.4	—	—	9.6	0.2	—	0.4	16.0	17.7	2.7	1.0
	1959	2.4	2.5	0.2	0.5	1.7	1.3	—	—	18.7	0.2	—	0.5	22.5	16.2	5.0	1.9
	III	1.2	2.0	0.7	0.5	0.3	0.5	—	—	20.0	0.2	—	0.8	21.9	16.4	7.5	2.0
	IV	0.5	2.5	0.2	0.8	0.6	0.8	—	—	20.1	0.4	—	0.6	30.4	17.9	8.7	1.8
	1960 I	3.2	4.6	—	1.4	2.0	0.8	—	—	9.9	0.3	—	0.8	22.9	13.6	6.0	1.9
	II	...	...	0.4	1.0	4.0	1.1	—	—	15.5	0.2	—	0.8	26.5	15.9	6.8	2.0
	III	...	...	2.7	1.7	0.9	1.9	—	—	15.5	0.2	—	0.8	19.3	21.9	10.9	...

18. DIRECTION OF INTERNATIONAL TRADE (Cont'd)

Quarterly averages or quarters

EXTERNAL TRADE

Million dollars

Area of origin for imports and area of destination for exports	Year and Quarter	BURMA		CAMBODIA		CEYLON		CHINA: Taiwan		FEDERATION OF MALAYA		HONG KONG		INDIA		INDONESIA ^a	
		Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
7. North America	1953	1.1	1.8	...	...	10.8	3.6	1.4	19.4	21.0	2.2	4.3	12.5	59.6	57.0	48.4	35.1
	1954	0.3	2.1	...	...	10.2	2.6	1.3	25.3	18.7	1.5	5.0	14.8	54.2	44.2	36.8	23.0
	1955	0.3	1.4	2.6	0.7	14.5	5.4	1.4	24.6	29.7	1.7	6.4	16.3	61.1	52.2	49.9	24.2
	1956	0.4	1.4	2.5	1.5	12.8	4.2	1.7	20.6	31.7	2.1	7.8	20.6	58.0	53.6	36.2	35.6
	1957	0.9	3.0	2.6	0.8	12.5	4.4	1.4	21.6	26.2	2.5	12.0	25.8	81.3	97.2	37.8	33.7
	1958	0.4	2.2	3.7	1.7	11.6	5.3	2.5	21.6	17.7	1.8	20.6	21.4	61.2	103.4	33.1	20.6
	1959	0.6	2.7	3.5	1.3	13.6	8.3	3.6	21.2	24.9	2.1	33.6	26.3	60.5	115.4	36.5	18.8
	III	0.4	1.5	6.0	1.7	12.9	11.3	4.2	24.6	26.2	2.1	36.3	27.3	63.5	124.7	30.2	18.5
	IV	0.6	3.9	2.0	1.3	15.7	10.3	4.7	18.0	27.4	2.1	40.5	30.5	63.1	91.0	43.6	22.7
	1960 I	0.2	3.1	2.8	1.9	14.9	5.7	4.4	18.6	35.5	2.3	44.8	35.8	62.4	71.1	44.8	17.1
	II	...	...	1.6	2.0	12.8	2.6	3.9	36.7	24.6	2.7	42.1	44.8	67.8	117.4	53.1	27.1
	III	...	...	2.1	2.7	13.4	5.6	5.1	31.9	26.9	3.5	41.8	37.5	63.3	170.5	47.2	...
8. United States of America	1953	1.1	1.8	...	...	6.4	2.7	1.3	17.9	19.0	2.0	3.3	9.9	51.2	47.2	43.0	34.8
	1954	0.3	2.1	...	...	6.2	1.9	1.3	24.6	16.4	1.3	4.1	12.4	46.2	38.8	35.9	22.7
	1955	0.3	1.3	2.6	0.6	9.3	2.4	1.4	23.9	26.7	1.5	5.2	14.3	49.7	47.2	41.8	23.9
	1956	0.4	1.4	2.4	1.4	7.4	2.1	1.7	20.4	28.2	1.8	6.5	18.6	46.0	49.5	35.3	35.3
	1957	0.6	2.9	2.5	0.8	7.8	3.6	1.3	21.2	23.1	2.2	10.0	23.6	69.3	89.4	36.9	33.3
	1958	0.4	2.2	3.7	1.7	7.1	4.0	2.4	21.1	15.2	1.6	15.6	19.2	48.9	84.8	32.6	20.4
	1959	0.6	2.5	3.5	1.2	8.6	7.2	3.4	20.9	21.9	1.8	27.2	22.8	50.2	102.6	35.8	18.4
	III	0.4	1.5	6.0	1.4	7.7	8.9	4.0	24.3	23.0	1.8	29.1	23.0	51.1	109.0	29.8	18.0
	IV	0.6	3.6	2.0	1.3	9.9	9.3	4.5	17.7	23.4	1.9	33.4	25.6	51.8	75.1	42.9	21.8
	1960 I	0.2	3.1	2.8	1.6	11.1	4.6	4.2	18.0	31.5	1.9	37.3	32.5	53.1	63.9	44.3	16.2
	II	...	...	1.6	2.0	8.1	2.2	3.4	36.2	21.5	2.5	35.8	36.9	58.8	110.6	52.4	26.2
	III	...	...	2.1	2.7	8.3	3.8	4.8	31.3	22.9	2.4	34.8	30.4	49.1	158.5	46.4	...
9. Latin American Republics	1953	—	—	...	...	0.4	—	0.4	0.1	1.4	—	—	0.4	16.1	1.5	0.4	0.2
	1954	—	—	...	...	0.2	—	0.3	0.2	1.8	—	—	5.0	12.2	4.8	1.4	—
	1955	—	0.2	—	—	0.1	0.5	2.4	0.1	0.1	2.6	—	1.0	11.8	3.0	6.6	0.1
	1956	—	—	—	—	0.1	0.7	1.7	0.1	—	1.7	0.1	2.5	8.6	1.3	0.6	2.1
	1957	—	—	—	—	1.0	—	—	0.1	0.1	3.4	0.1	1.1	11.4	1.3	0.8	0.1
	1958	—	—	—	—	0.5	—	—	0.2	0.1	1.7	0.1	1.1	10.4	0.9	0.6	—
	1959	—	—	—	—	0.1	0.5	—	—	0.1	3.0	0.1	3.0	1.4	8.0	1.3	0.3
	III	—	—	—	—	0.3	0.7	—	—	—	3.1	0.1	3.4	2.6	14.6	1.5	0.3
	IV	—	—	—	—	0.4	—	—	0.1	0.2	3.8	—	3.7	1.3	9.1	2.1	0.5
	1960 I	—	—	—	0.3	0.4	—	—	—	4.2	0.1	3.2	0.3	5.8	0.8	0.6	1.6
	II	...	...	—	—	0.5	—	—	—	3.2	—	2.9	0.9	7.0	0.9	0.6	0.7
	III	...	...	—	—	0.1	0.6	—	—	4.5	0.2	3.4	3.3	11.3	1.2	1.3	...
10. Oceania	1953	—	1.1	...	...	8.7	9.2	0.2	0.6	0.8	6.6	2.1	2.5	10.2	14.5	6.0	4.4
	1954	—	1.0	...	...	11.2	5.6	0.1	0.6	1.5	4.3	3.0	2.8	14.6	8.7	8.6	3.2
	1955	—	1.3	—	—	10.2	4.6	—	0.2	1.9	4.5	3.6	3.7	16.7	11.2	6.3	3.1
	1956	—	1.6	—	—	7.3	5.0	—	0.5	1.6	4.9	3.8	4.8	14.8	7.3	9.4	4.6
	1957	—	1.7	—	—	6.9	5.7	—	0.3	1.5	5.4	4.5	5.2	16.6	10.2	12.1	4.6
	1958	0.1	1.2	—	—	7.9	3.0	0.1	0.6	2.1	5.0	5.0	5.2	14.7	8.6	12.2	1.7
	1959	—	1.6	—	—	7.6	5.1	0.1	0.6	3.2	5.0	5.5	6.2	13.0	6.8	8.4	2.1
	III	—	1.7	—	—	9.7	4.1	—	0.4	3.7	4.9	6.7	7.1	16.5	5.7	5.4	2.8
	IV	—	1.7	—	—	8.0	7.8	0.1	1.1	4.0	5.2	6.1	5.9	12.5	6.1	4.5	2.7
	1960 I	—	1.2	—	0.1	8.9	4.5	0.1	0.6	4.6	6.6	5.9	6.8	11.7	9.8	9.4	2.3
	II	...	...	—	0.2	7.6	3.3	0.1	1.1	5.7	5.8	6.3	5.6	13.8	7.8	9.3	1.0
	III	...	...	—	0.1	9.6	7.5	0.1	0.8	5.1	5.5	9.4	7.0	20.6	13.9	9.2	...
11. Sterling area	1953	34.0	28.2	...	...	39.1	53.5	8.3	6.4	24.5	39.3	32.2	45.4	146.9	145.1	67.8	63.0
	1954	38.8	28.1	...	...	52.6	42.6	5.7	4.3	22.7	24.5	36.2	36.8	167.7	162.5	84.3	45.2
	1955	27.4	23.4	1.6	2.8	54.5	45.3	5.0	2.5	34.9	38.6	42.5	42.4	164.9	162.3	84.9	47.5
	1956	29.1	19.6	2.2	4.3	48.3	46.8	8.3	3.1	32.7	42.8	46.1	48.0	164.1	172.4	84.1	61.0
	1957	32.7	31.9	4.1	4.8	45.8	51.8	11.7	8.4	34.1	42.2	48.6	55.6	157.3	192.0	108.2	57.3
	1958	29.5	20.0	4.3	4.1	46.5	46.0	8.6	7.3	29.2	40.0	50.8	45.1	154.3	161.2	95.6	32.3
	1959	35.3	24.8	3.9	4.6	42.2	57.1	8.0	6.2	29.4	37.6	56.9	56.2	155.5	144.2	118.3	31.0
	III	54.5	25.4	2.9	6.5	44.6	69.0	8.0	6.5	35.8	41.1	55.2	60.2	167.1	149.9	120.0	31.2
	IV	42.0	30.9	4.4	5.7	46.4	66.1	6.3	5.6	32.5	39.0	66.8	61.4	195.2	151.8	121.0	35.8
	1960 I	37.4	26.8	4.0	5.7	45.8	53.5	8.0	6.8	39.9	41.3	65.8	62.9	146.2	162.5	110.7	33.9
	II	...	...	4.1	5.2	44.4	52.2	12.3	5.7	45.1	41.2	66.8	59.8	26.5	185.7	93.5	38.0
	III	...	...	7.3	6.7	45.0	61.2	8.9	5.2	38.6	42.8	73.4	57.4	151.4	171.6	87.3	...
12. ECAFE sterling countries ^a	1953	26.1	14.9	...	...	3.1	19.6	5.5	3.7	4.8	9.3	20.1	18.5	32.4	32.5	56.0	39.8
	1954	31.9	14.4	...	...	6.0	18.5	4.8	2.4	5.4	6.7	19.4	14.3	31.2	49.1	65.3	23.6
	1955	21.4	10.6	1.4	2.7	6.4	22.1	3.7	1.6	4.9	8.7	20.6	18.2	31.8	40.0	54.5	21.4
	1956	25.3	7.6	2.2	4.1	5.2	21.2	6.7	1.8	6.1	9.1	21.6	16.7	28.1	31.2	55.6	23.2
	1957	26.0	13.7	4.1	4.6	3.1	23.6	7.8	2.2	6.4	8.8	21.7	15.4	29.4	31.8	78.1	25.2
	1958	24.0	9.2	4.2	3.7	2.5	18.2	6.8	2.2	5.0	9.0	21.4	11.2	29.2	20.4	59.5	17.2
	1959	27.6	12.1	3.8	4.4	3.6	22.6	6.8	2.1	5.6	9.7	22.5	17.8	29.9	23.8	62.0	16.0
	III	47.1	12.9	3.0	6.3	3.7	33.9	6.5	2.5	6.3	12.2	21.8	20.7	31.3	29.7	67.0	12.1
	IV	31.0	15.6	4.3	5.4	3.9	24.6	7.1	2.0	6.5	10.4	26.2	18.6	35.0	27.9	58.2	20.9
	1960 I	30.6	13.2	3.8	5.0	3.0	21.8	6.4	2.6	9.2	8.9	25.0	19.7	26.8	36.5	53.3	21.4
	II	...	...	3.9	4.4	4.3	23.2	8.8	2.3	7.4	7.2	24.0	18.4	23.0	34.3	67.7	23.1
	III	...	...	6.5	6.2	5.2	30.1	7.8	2.2	9.5	9.7	25.0	16.1	26.1	33.8	67.8	...

GENERAL NOTES: (1) For details and explanatory notes, see United Nations *Direction of International Trade* (Statistical Paper series T).

(2) As complete breakdowns are not given, the sum of total trade of any individual country with different regions does not add up to the total given under trade with "all countries".

(3) See general note to table 17.

(4) Trade between the Federation of Malaya and Singapore is excluded.

a. ECAFE countries comprise:

i) Sterling countries — Brunei, Burma, Ceylon, Federation of Malaya, Hong Kong, India, North Borneo, Pakistan, Sarawak and Singapore.

ii) Non-sterling countries — Afghanistan, Cambodia, China, Indonesia, Iran, Japan, Korea, Laos, Philippines, Thailand and Viet-Nam.

EXTERNAL TRADE

18. DIRECTION OF INTERNATIONAL TRADE (Cont'd)

Quarterly averages or quarters

Million dollars

Area of origin for imports and area of destination for exports	Year and Quarter	JAPAN		KOREA, Republic of		LAOS		PAKISTAN		PHILIPPINES		SINGAPORE		THAILAND*		VIET-NAM*		
		Exp.	Imp.	Exp.	Imp.*	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.*	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	
1. All countries	1953	318.7	602.4	9.9	66.9	...	...	109.7	87.5	101.0	114.2	171.3	191.4	87.1	75.8	...	...
	1954	407.3	599.8	6.1	55.4	...	...	89.7	81.2	101.3	120.7	177.8	190.3	73.0	67.8	...	...
	1955	502.7	617.9	4.5	85.0	0.4	4.7	100.2	72.3	100.2	136.9	227.2	234.0	90.8	75.0	17.2	65.8	
	1956	625.2	807.4	6.2	96.6	0.3	8.8	85.0	104.1	112.8	126.6	223.2	253.1	83.6	92.4	11.3	54.4	
	1957	714.6	1,071.0	5.6	110.0	0.3	10.4	84.2	110.0	107.9	153.6	226.5	267.7	91.2	103.2	19.9	72.1	
	1958	719.2	758.4	4.1	94.6	0.4	6.8	74.4	99.1	123.3	140.5	202.6	253.2	77.2	96.1	13.8	58.0	
	1959	864.1	899.9	4.8	70.7	3.6	6.8	80.0	88.3	132.4	127.3	222.2	253.7	89.8	104.8	18.8	56.2	
	III	883.3	902.2	4.8	77.6	5.1	8.7	71.3	91.6	167.3	132.2	230.5	254.9	91.3	106.0	21.9	55.5	
	IV	1,032.5	960.8	3.9	72.0	7.8	11.1	108.3	110.0	92.8	142.5	244.7	263.0	100.2	116.6	26.9	67.0	
	1960 I	895.8	1,130.0	4.1	60.8	9.5	4.2	99.2	137.2	121.7	129.6	227.7	270.2	106.7	115.9	16.9	59.8	
	II	958.5	1,131.8	8.4	81.7	8.0	12.5	108.2	178.0	170.1	144.4	224.6	263.3	94.1	108.5	22.2	59.3	
	III	1,049.4	1,131.8	8.1	69.2	...	...	77.2	150.2	128.2	142.5	208.3	253.5	95.0	112.3	27.7	55.4
2. ECAFE countries* (including Japan)	1953	142.7	164.0	2.2	30.8	...	...	37.0	13.6	13.4	13.9	63.9	118.1	63.5	35.0	...	...
	1954	173.6	144.8	2.5	27.2	...	...	26.5	17.2	14.5	20.3	59.5	115.6	50.0	32.8	...	...
	1955	179.9	182.7	2.8	9.1	0.3	2.9	37.2	17.1	16.9	25.8	70.8	152.0	53.8	36.2	5.6	17.4	
	1956	222.7	195.2	2.6	4.9	0.3	5.5	30.0	12.6	22.9	26.3	82.1	160.5	51.2	46.8	1.4	19.7	
	1957	247.9	210.2	3.8	5.5	0.2	6.1	27.4	23.9	22.7	35.9	92.8	168.7	58.5	48.1	3.9	24.0	
	1958	218.8	162.2	2.8	5.4	0.2	3.7	17.2	24.8	27.2	39.0	89.9	164.5	46.4	48.7	4.3	19.1	
	1959	240.8	192.2	3.5	14.0	3.6	1.9	20.5	22.0	33.1	38.6	80.2	175.4	49.6	51.1	3.8	19.8	
	III	229.6	196.3	3.7	11.6	5.1	2.1	21.0	24.1	45.2	36.9	81.2	171.6	46.0	47.6	2.4	20.7	
	IV	287.5	202.4	2.1	14.5	7.7	1.9	25.7	34.2	18.5	45.4	96.0	190.7	60.3	59.4	4.2	23.2	
	1960 I	253.8	234.9	2.4	13.6	9.4	2.6	33.5	30.1	34.3	33.9	81.7	189.4	63.6	52.7	5.5	18.2	
	II	269.9	227.5	6.0	27.7	8.0	2.9	39.5	35.9	43.9	38.0	81.0	167.3	58.0	48.8	9.6	18.0	
	III	331.2	225.1	5.9	21.0	...	...	28.7	30.3	34.4	45.4	74.0	168.0	60.5	50.6	5.5	18.0
3. Japan	1953	.	.	1.5	26.7	...	...	21.4	4.5	12.0	5.1	7.9	8.6	21.2	13.1	...	...
	1954	.	.	1.8	17.2	...	...	7.8	8.7	12.6	7.3	8.2	9.8	17.3	16.3	...	...
	1955	.	.	1.8	4.2	---	---	11.6	10.2	15.2	10.8	16.2	15.9	15.8	15.8	0.4	8.8	
	1956	.	.	2.0	2.3	---	---	10.6	5.2	20.1	12.8	17.6	17.2	7.2	15.2	0.1	14.0	
	1957	.	.	2.7	2.9	---	---	11.0	4.0	19.5	18.4	19.9	18.4	7.2	21.1	1.0	15.4	
	1958	.	.	2.4	3.6	---	---	7.5	5.6	24.2	20.3	15.4	22.0	5.8	22.5	0.2	11.2	
	1959	.	.	3.2	8.0	---	---	6.6	5.1	29.2	22.5	16.0	19.9	10.5	28.4	0.5	11.9	
	III	.	.	3.1	5.1	---	---	6.8	6.0	41.7	22.3	15.3	19.2	7.1	23.2	0.3	13.0	
	IV	.	.	1.7	8.4	---	---	5.4	5.5	7.1	14.5	27.3	16.6	20.7	17.0	30.3	0.6	14.9
	1960 I	.	.	1.3	7.2	---	---	8.9	13.0	31.5	19.2	14.5	25.1	16.3	29.5	0.3	9.9	
	II	.	.	5.2	21.3	---	---	7.6	15.5	37.8	22.6	12.4	22.0	16.6	25.0	0.7	10.5	
	III	.	.	5.4	14.9	---	---	7.0	12.8	29.1	35.1	12.6	23.4	12.5	27.8	0.8	12.0	
4. Western Europe (including UK)	1953	28.9	50.8	0.1	4.2	...	...	53.6	25.4	13.8	5.8	44.4	44.3	3.3	24.7	...	...
	1954	36.9	49.2	0.1	4.4	...	...	43.4	39.2	20.2	10.7	52.2	45.1	6.4	22.7	...	...
	1955	49.0	43.8	0.3	5.9	---	---	42.2	31.4	18.1	12.4	78.3	50.8	7.5	24.4	5.9	35.2	
	1956	63.7	58.0	0.9	3.7	---	---	39.0	29.6	23.5	16.3	73.5	55.9	8.1	28.4	7.7	17.9	
	1957	79.6	97.5	0.8	2.0	0.1	2.8	37.8	42.8	22.8	23.2	62.1	60.4	8.4	34.1	10.5	30.5	
	1958	82.3	65.9	0.6	3.6	0.1	2.1	39.6	38.8	23.3	18.6	54.1	52.7	11.3	27.9	7.9	23.7	
	1959	89.5	87.6	0.6	16.6	---	---	34.5	35.9	22.5	20.7	60.7	46.6	8.4	32.6	10.7	19.6	
	III	99.6	87.5	0.4	12.9	---	---	5.9	28.5	33.6	27.8	22.2	60.5	48.2	7.0	38.7	11.6	18.6
	IV	107.5	86.3	0.9	25.6	---	---	8.6	50.8	47.6	29.8	23.1	69.0	43.1	10.3	34.7	17.8	22.3
	1960 I	122.9	97.2	0.9	18.0	---	---	1.1	38.3	56.5	22.8	20.7	65.9	49.9	13.8	39.8	8.8	23.2
	II	99.0	96.4	1.3	19.2	---	---	9.2	35.8	77.9	27.8	22.0	64.6	55.0	13.2	34.8	8.5	24.6
	III	105.0	96.2	1.1	15.0	---	---	24.5	64.6	31.6	18.7	57.9	50.7	10.3	33.4	16.1	20.6	
5. United Kingdom	1953	8.3	12.2	0.1	0.6	...	...	21.1	14.4	1.3	1.1	21.1	31.0	0.6	10.0	...	...
	1954	12.8	9.3	0.1	1.5	---	---	17.4	23.2	1.2	2.3	22.1	27.8	1.8	8.1	...	...
	1955	15.2	9.5	---	1.1	---	---	15.2	17.8	1.4	3.2	35.8	32.3	1.8	8.6	0.4	1.1	
	1956	15.8	16.6	0.2	0.6	---	---	13.6	14.4	1.7	3.8	33.0	34.7	2.6	10.6	0.1	0.9	
	1957	18.4	24.6	0.2	0.3	---	---	13.4	21.0	1.7	5.8	25.1	36.6	2.8	11.6	---	1.8	
	1958	26.3	14.8	0.2	0.4	---	---	14.7	17.6	1.6	4.8	20.9	32.7	4.1	10.3	0.3	1.8	
	1959	25.8	25.9	0.2	2.0	---	---	2.9	14.8	15.6	2.2	5.4	22.4	26.5	2.7	10.8	0.6	1.5
	III	28.0	24.4	0.3	1.9	---	---	4.0	11.5	15.6	2.5	5.6	23.6	27.4	2.1	10.0	0.3	1.9
	IV	33.3	22.8	0.3	3.2	---	---	6.1	23.7	21.9	1.5	6.2	24.0	25.2	3.0	12.2	1.3	1.8
	1960 I	32.1	24.1	0.3	3.1	---	---	0.2	15.4	23.7	2.6	5.3	23.2	30.1	3.5	10.0	1.4	1.7
	II	22.0	19.5	0.5	1.8	---	---	7.5	17.3	29.1	3.9	6.4	25.8	30.3	2.3	12.8	0.4	1.6
	III	24.2	25.4	0.2	2.1	---	---	10.3	30.5	2.5	6.2	24.3	29.3	2.5	11.2	1.6	1.6	
6. Eastern Europe	1953	1.0	1.4	---	---	---	---	3.2	0.4	---	---	2.8	1.4	---	0.1	---	---	
	1954	1.3	1.1	---	---	---	---	2.0	0.7	---	0.1	2.1	0.9	---	---	---	---	
	1955	3.8	0.8	---	---	---	---	1.7	0.2	---	---	2.7	0.8	---	---	---	---	
	1956	0.6	0.8	---	---	---	---	1.3	0.4	---	---	6.3	1.0	---	0.5	---	0.1	
	1957	3.9	4.6	---	---	---	---	2.8	0.9	---	---	8.3	1.1	---	0.8	---	---	
	1958	5.1	5.9	---	---	---	---	3.7	2.1	---	---	10.8	0.8	---	0.8	---	---	
	1959	9.6	11.0	---	---	---	---	3.0	1.2	---	---	19.6	0.8	---	0.1	0.8	---	
	III	12.2	14.4	---	---	---	---	1.8	1.5	---	---	18.9	1.0	---	0.1	1.1	---	
	IV	18.9	14.1	---	---	---	---	3.3	1.0	---	---	15.3	0.8	---	0.2	0.7	---	
	1960 I	8.5	15.5	---	---	---	---	4.1	2.9	---	---	8.8	1.3	---	0.9	1.3	---	
	II	12.6	23.4	---	---	---	---	8.1	5.0	---	---	16.3	1.1	---	0.1	0.9	---	
	III	14.7	30.6	---	---	---	---	2.2	3.3	---	---	18.3	1.0	---	0.3	1.8	---	

18. DIRECTION OF INTERNATIONAL TRADE (Cont'd)

EXTERNAL TRADE

Quarterly averages or quarters

Million dollars

Area of origin for imports and area of destination for exports	Year and Quarter	JAPAN		KOREA, Republic of		LAOS		PAKISTAN		PHILIPPINES		SINGAPORE		THAILAND*		VIET-NAM*	
		Exp.	Imp.	Exp.	Imp.*	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.*	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
7. North America	1953	65.2	242.4	7.6	27.8	...	...	7.4	4.2	69.6	90.6	24.1	10.3	17.7	14.6	...	...
	1954	83.2	266.0	3.5	23.0	...	...	6.1	6.2	62.4	85.4	25.3	11.9	14.0	11.5	...	...
	1955	134.8	255.5	1.8	62.1	...	0.3	8.4	8.6	60.3	93.6	37.9	11.8	26.6	13.4	4.0	8.0
	1956	164.5	358.6	2.7	82.1	...	0.9	8.5	6.8	61.0	79.2	28.0	15.1	21.0	14.9	2.1	15.6
	1957	183.5	495.6	1.0	98.6	...	1.5	9.8	34.4	56.7	88.5	27.0	12.6	18.3	17.9	2.8	16.6
	1958	214.6	339.4	0.7	83.0	...	0.9	8.3	31.0	68.2	76.2	19.4	10.6	14.4	17.5	1.3	14.4
	1959	315.5	372.4	0.6	37.8	...	0.5	9.8	25.8	73.6	61.9	30.2	11.2	22.2	18.9	1.6	15.2
	III	344.3	378.4	0.7	51.5	...	0.4	7.7	28.9	90.0	64.4	37.2	11.0	30.3	18.3	1.0	14.5
	IV	362.0	374.3	0.7	28.3	...	0.7	12.9	21.3	40.3	66.2	31.1	10.4	17.2	20.3	1.7	20.4
	1960 I	318.4	487.3	0.8	27.3	...	0.6	10.6	40.1	60.7	68.9	32.7	10.9	19.5	19.9	0.4	17.9
	II	346.5	462.5	1.1	32.6	...	0.4	9.6	48.0	94.7	75.6	26.5	15.2	12.3	20.4	1.4	16.1
	III	336.9	491.1	1.1	29.2	...	...	6.5	45.3	55.5	67.4	20.0	18.6	11.8	20.5	1.3	14.8
8. United States of America	1953	58.5	189.4	7.6	24.0 ^a	...	...	7.2	4.1	69.0	87.8	20.2	9.5	17.5	14.2	...	...
	1954	70.7	212.3	3.5	21.9 ^a	...	...	6.0	5.2	61.6	81.6	21.2	10.9	13.6	11.0	...	...
	1955	114.3	193.5	1.8	60.9 ^a	...	0.3	7.7	8.0	60.0	89.0	32.4	10.7	26.2	12.8	4.0	7.9
	1956	137.9	266.8	2.7	81.2 ^a	...	0.9	7.8	6.5	60.6	75.1	23.2	13.5	20.8	14.2	2.1	15.2
	1957	151.6	406.8	1.0	98.5 ^a	...	1.5	9.6	30.1	56.2	84.3	22.4	11.4	18.1	16.9	2.8	16.4
	1958	173.1	284.4	0.7	82.5 ^a	...	0.9	7.9	27.0	67.6	73.2	15.8	9.5	14.0	16.8	1.3	13.7
	1959	262.8	279.0	0.6	35.5	...	0.4	8.3	20.9	73.2	57.9	23.8	10.2	22.2	17.6	1.8	14.6
	III	284.4	280.6	0.7	48.7	...	0.4	5.6	24.4	88.9	60.7	29.2	10.1	30.3	17.2	1.0	13.8
	IV	310.3	274.0	0.7	25.7	...	0.6	10.7	16.0	39.8	60.0	25.1	9.7	17.2	17.4	1.7	19.4
	1960 I	266.4	397.1	0.8	24.8	...	0.6	9.9	35.1	60.5	65.7	25.1	9.8	19.5	19.1	0.4	17.6
	II	281.8	386.2	1.1	30.5	...	0.4	8.6	46.4	94.3	72.1	21.3	13.7	12.1	19.9	1.4	14.4
	III	275.4	396.8	1.1	28.3	...	...	5.3	43.4	55.0	63.0	18.0	14.3	11.9	19.8	1.3	13.9
9. Latin American Republics	1953	26.1	66.2	...	0.5	...	...	0.5	...	2.8	0.2	3.7	0.1	...	...	...	...
	1954	50.3	77.2	...	0.3	...	...	0.9	...	3.0	0.7	4.9	0.2	0.1	...	...	...
	1955	44.8	60.7	...	0.3	...	...	1.6	...	3.6	0.7	8.1	0.2	0.2	...	...	...
	1956	41.0	87.3	...	0.2	...	...	0.9	...	3.9	1.2	4.9	0.4	0.2	...	...	0.4
	1957	37.3	77.1	...	...	...	...	1.2	2.8	3.6	0.9	9.2	0.4	0.2	0.1	0.1	0.2
	1958	48.4	64.7	...	...	...	...	0.8	0.4	2.6	1.2	5.6	0.3	...	0.1	...	0.6
	1959	56.0	81.3	...	0.1	...	...	1.9	...	2.5	1.4	7.3	0.2	0.1	...	...	0.5
	III	66.1	84.9	...	0.2	...	...	2.8	...	3.4	0.4	8.6	0.3	0.2	...	...	0.5
	IV	71.8	97.7	...	...	...	...	2.3	...	4.1	2.5	7.7	0.1	0.1	...	...	0.9
	1960 I	58.2	58.9	...	...	...	...	1.5	...	2.6	1.2	9.6	0.2	0.4	...	...	0.2
	II	72.5	66.1	...	...	...	...	1.1	...	2.8	1.7	7.7	0.3	...	0.5	...	1.2
	III	66.5	82.7	...	...	...	...	2.5	...	4.1	1.5	7.5	3.2	...	2.1	...	0.9
10. Oceania	1953	3.6	50.2	...	3.4	...	...	1.4	0.5	0.2	0.3	15.5	7.4	...	1.0	...	...
	1954	8.8	34.0	...	0.7	...	...	1.6	0.5	0.2	0.8	15.3	7.2	...	0.6	...	...
	1955	17.2	50.8	...	0.2	...	...	1.4	0.6	0.3	1.3	17.4	7.8	0.1	0.8	...	0.2
	1956	10.8	71.6	...	0.1	...	...	0.8	0.6	0.3	1.4	19.8	9.1	0.1	1.0	...	0.1
	1957	14.6	109.4	...	...	...	...	0.5	4.6	0.2	2.7	16.1	10.2	0.2	1.2	...	0.1
	1958	19.9	65.0	...	0.2	...	...	0.8	0.9	0.2	2.8	11.5	9.0	0.2	1.0	...	0.2
	1959	25.5	84.9	...	2.0	...	0.1	1.8	0.9	0.3	2.8	12.9	9.5	0.4	1.1	...	0.1
	III	29.3	82.9	...	0.9	...	...	2.5	0.9	0.2	3.3	14.9	10.9	0.5	1.2	...	0.1
	IV	32.4	99.3	...	4.1	...	0.1	2.2	1.4	0.5	3.6	13.5	8.8	0.4	1.2	...	0.3
	1960 I	26.0	98.9	...	2.0	...	...	1.6	2.4	0.4	1.9	15.2	9.5	0.6	1.0	...	...
	II	37.6	93.6	...	2.0	...	...	1.4	3.5	0.3	2.7	16.1	10.2	0.2	1.5	...	0.1
	III	52.1	96.1	...	7.4	...	...	3.2	4.0	0.7	2.5	15.8	10.1	0.3	1.0	...	...
11. Sterling area	1953	79.0	150.6	0.8	7.4	...	...	37.0	23.4	2.3	6.0	67.3	71.8	39.9	30.3	...	...
	1954	122.8	108.4	0.7	10.8	...	...	33.6	32.6	2.4	10.2	70.1	69.6	32.1	22.5	...	...
	1955	160.2	147.2	0.5	5.0	...	0.4	38.5	25.9	2.6	12.1	85.3	79.1	35.7	26.7	2.4	3.5
	1956	171.2	204.4	0.7	2.2	0.1	1.7	32.4	20.7	4.0	12.4	84.8	87.3	38.8	40.0	0.6	2.3
	1957	201.7	280.4	1.2	1.2	0.1	2.0	30.3	37.6	3.8	17.2	78.1	82.3	43.9	35.9	1.4	3.3
	1958	199.9	197.8	0.5	1.6	0.1	1.3	24.9	29.4	2.6	14.6	62.2	84.2	38.7	33.0	2.1	3.8
	1959	215.0	276.4	0.5	6.4	3.5	3.3	36.1	25.5	4.0	13.7	68.4	76.0	42.6	32.2	3.8	3.6
	III	217.3	279.2	0.9	5.3	4.9	4.3	32.5	25.3	4.1	14.0	70.3	80.2	41.7	29.3	2.9	4.1
	IV	272.1	312.7	0.7	10.1	7.5	6.5	54.6	39.2	3.1	17.5	70.6	78.3	46.9	37.5	4.2	4.0
	1960 I	221.0	320.9	1.3	7.0	9.3	0.6	44.1	36.0	4.1	15.3	72.1	80.6	49.7	30.4	3.9	3.8
	II	260.1	282.4	1.1	5.8	7.9	8.3	47.5	44.6	8.0	21.0	77.0	86.7	43.8	33.9	5.0	2.7
	III	292.4	279.2	0.7	5.5	...	...	33.5	45.5	6.2	21.0	73.3	81.6	51.7	32.3	6.3	3.2
12. ECAFE sterling countries*	1953	47.8	82.1	0.7	3.3	...	...	13.2	6.6	0.6	4.5	26.0	29.0	37.8	19.1	...	...
	1954	72.0	60.2	0.6	8.5	...	...	11.6	6.3	0.7	6.7	27.2	21.2	28.0	13.7	...	...
	1955	87.3	74.6	1.0	3.8	...	0.2	16.9	5.5	0.7	7.3	25.5	31.7	31.6	17.0	1.9	2.3
	1956	99.2	92.2	0.5	1.6	...	1.3	13.8	4.6	1.6	7.1	29.1	34.6	34.5	26.6	0.6	1.2
	1957	111.0	105.2	1.0	0.9	0.1	1.4	12.0	11.1	1.4	8.2	30.9	31.4	38.0	21.9	1.3	1.5
	1958	94.9	78.0	0.3	0.8	0.1	0.9	5.4	10.4	0.6	5.6	23.8	31.9	31.5	21.2	1.8	1.9
	1959	101.5	101.0	0.3	2.2	3.5	0.4	11.2	7.6	1.3	4.8	24.6	32.3	34.8	19.8	3.0	2.0
	III	93.9	119.3	0.6	2.5	5.0	0.3	11.6	7.4	0.7	4.2	25.7	32.4	36.0	17.5	2.0	2.0
	IV	136.9	108.3	0.4	2.8	7.5	0.3	16.6	12.4	1.8	6.4	26.4	36.5	34.5	23.5	2.6	1.8
	1960 I	108.3	114.2	1.0	1.8	9.3	0.4	19.5	6.9	0.7	6.4	28.9	34.6	42.9	19.1	2.0	2.0
	II	132.8	120.8	0.6	2.0	7.9	0.7	20.5	8.6	2.5	7.9	28.2	35.1	38.9	18.8	3.9	0.9
	III	138.5	125.1	0.4	2.1	...	...	14.2	8.5	2.1	7.5	28.1	37.3	41.9	17.9	4.7	1.6

b. Figures for trade with the Netherlands are as follows:—

Year	Exp.	Imp.	Year	Exp.	Imp.
1953	48.4	22.4	1959 I	2.9	4.2
1954	41.3	16.4	II	2.9	2.8
1955	37.7	17.7	III	1.9	4.8
1956	42.9	22.8	IV	1.5	5.4
1957	46.7	19.6	1960 I	0.6	3.8
1958	7.8	8.3	II	0.4	4.9
1959	2.3	4.3	III	0.6	...

c. Figures prior to 1955 for Republic of Korea and 1956 for Thailand are derived from trade returns of partner countries. Totals for geographical and currency areas may not be complete.

d. Including some imports of aid goods from countries other than the United States.

e. Imports valued f.o.b.

f. See footnote j to table 17.

EXTERNAL TRADE

19. COMPOSITION OF IMPORTS

	VALUE (in millions)					PERCENTAGE DISTRIBUTION				
	Consumption goods		Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods	Consumption goods		Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods
	Food	Others				Food	Others			
ECAFE REGION^a (US dollar)										
1952	2,178	1,784	2,456	1,028	1,584	24.1	19.8	27.2	11.4	17.5
1953	1,946	1,683	2,460	916	1,443	23.0	19.9	29.1	10.8	17.1
1954	1,818	1,587	2,589	934	1,514	21.5	18.8	30.7	11.1	17.9
1955	1,636	1,609	2,862	1,002	1,718	18.5	18.2	32.4	11.3	19.5
1956	1,851	1,697	3,277	1,530	2,200	17.5	16.1	31.0	14.5	20.8
1957	2,174	1,779	3,580	2,291	2,915	17.0	14.0	28.1	18.0	22.9
1958	2,097	1,432	2,998	1,307	2,377	20.5	14.0	29.4	12.8	23.3
1959	1,898	1,373	3,613	1,673	2,527	17.1	12.4	32.6	15.1	22.8
1960 1st half ^b	919	747	2,206	1,019	1,396	14.6	11.9	35.1	16.2	22.2
BURMA (Kyat)										
1952	109	278	141	95	195	13.3	34.0	17.2	11.6	23.9
1953	113	355	131	65	182	13.4	41.9	15.5	7.7	21.5
1954	123	353	174	59	264	12.6	36.3	17.9	6.1	27.1
1955	96	266	170	67	261	11.2	30.9	19.8	7.8	30.3
1956	82	288	195	88	287	8.7	30.6	20.7	9.4	30.5
1957	131	397	301	120	468	9.2	28.0	21.2	8.5	33.0
1958	120	213	152	88	396	12.4	22.0	15.7	9.1	40.8
1959	120	245	187	86	424	11.3	23.1	17.6	8.1	39.9
1960 1st half . . . . .	...	...	...	...	...	...	...	...	...	...
CAMBODIA^c (riel)										
1955	181	864	176	160	284	10.9	51.9	10.6	9.6	17.0
1956	198	1,050	165	217	350	10.0	53.0	8.3	11.0	17.7
1957	246	945	214	272	368	12.0	46.2	10.5	13.3	18.0
1958	270	1,008	284	328	688	10.5	39.1	11.0	12.7	26.7
1959	298	647	252	538	560	13.0	28.2	11.0	23.4	24.4
1960 1st half	145	676	127	174	494	9.0	41.8	7.9	10.8	30.5
CEYLON (rupee)										
1952	767	344	121	200	270	45.1	20.2	7.1	11.7	15.9
1953	775	309	118	167	239	48.2	19.2	7.3	10.4	14.9
1954	646	306	128	130	186	46.3	21.9	9.2	9.3	13.3
1955	604	286	142	164	233	42.3	20.0	9.9	11.5	16.3
1956	681	353	149	140	293	42.1	21.8	9.2	8.7	18.1
1957	712	370	194	240	288	39.5	20.5	10.7	13.3	16.0
1958	693	395	158	151	319	40.4	23.0	9.2	8.8	18.6
1959	789	402	206	173	435	39.4	20.0	10.3	8.6	21.7
1960 1st half	331	217	105	89	218	34.5	22.6	10.9	9.3	22.7
CHINA: TAIWAN (new Taiwan dollar)										
1952	368	601	803	206	544	14.6	23.8	31.8	8.2	21.6
1953	424	369	1,129	128	695	15.4	13.4	41.1	4.7	25.3
1954	525	311	1,414	239	806	15.9	9.4	42.9	7.2	24.5
1955	319	217	1,500	205	898	10.2	6.9	47.8	6.5	28.6
1956	509	279	2,195	439	1,377	10.6	5.8	45.8	9.1	28.7
1957	403	307	2,433	469	1,648	7.7	5.8	46.3	8.9	31.3
1958	561	343	2,584	361	1,756	10.0	6.1	46.1	6.5	31.3
1959	596	534	3,733	517	3,020	7.1	6.4	44.4	6.2	35.9
1960 1st half	583	346	2,015	337	1,995	11.0	6.6	38.2	6.4	37.8
FED OF MALAYA AND SINGAPORE (Malayan dollar)										
1952	1,007	668	921	664	613	26.0	17.2	23.8	17.2	15.8
1953	952	902	520	435	426	29.4	27.9	16.1	13.4	13.2
1954	779	890	624	454	388	24.8	28.4	19.9	14.5	12.4
1955	839	1,066	904	539	474	22.0	27.9	23.6	14.1	12.4
1956	935	1,146	927	576	569	22.5	27.6	22.3	13.9	13.7
1957	935	1,152	979	638	676	21.3	26.3	22.4	14.6	15.4
1958	985	1,115	911	551	534	24.1	27.2	22.2	13.5	13.0
1959	913	1,048	1,170	491	503	22.1	25.4	28.4	11.9	12.2
1960 1st half	457	540	680	273	305	20.3	23.9	30.2	12.1	13.5
HONG KONG (Hong Kong dollar)										
1952	1,010	968	1,100	316	368	26.9	25.7	29.2	8.4	9.8
1953	1,131	1,005	1,089	203	409	29.5	26.2	28.4	5.3	10.6
1954	833	854	1,236	215	295	24.2	24.9	36.0	6.3	8.6
1955	971	949	1,169	244	387	26.1	25.5	31.4	6.6	10.4
1956	1,029	1,253	1,317	338	616	22.6	27.5	28.9	7.4	13.5
1957	1,161	1,427	1,357	405	799	22.5	27.7	26.4	7.9	15.5
1958	1,255	1,273	1,118	330	617	27.3	27.7	24.3	7.2	13.4
1959	1,238	1,331	1,345	364	667	25.0	26.9	27.2	7.4	13.5
1960 1st half	627	789	844	223	437	21.5	27.0	29.9	7.6	15.0
INDIA (rupee)										
1952 ^d	1,806	861	1,513	665	1,777	27.3	13.0	22.9	10.0	26.8
1953 ^d	1,169	895	1,618	480	1,612	20.3	15.5	28.0	8.3	27.9
1954 ^d	1,377	989	1,759	633	1,797	21.0	15.1	26.8	9.7	27.4
1955 ^d	673	832	2,031	556	2,746	9.8	12.2	29.7	8.1	40.2
1956 ^d	1,017	814	2,204	779	3,883	11.7	9.4	25.3	9.0	44.6
1957	1,950	1,110	2,184	1,367	4,670	17.3	9.8	19.4	12.1	41.4
1958	1,786	614	1,577	1,124	3,541	20.7	7.1	18.2	13.0	41.0
1959	1,547	558	1,763	1,253	3,753	17.4	6.3	19.9	14.1	42.3
1960 1st half	456	291	1,250	547	2,038	10.0	6.4	27.3	11.9	44.4

19. COMPOSITION OF IMPORTS (Cont'd)

EXTERNAL TRADE

	VALUE (in millions)					PERCENTAGE DISTRIBUTION				
	Consumption goods		Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods	Consumption goods		Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods
	Food	Others				Food	Others			
INDONESIA (rupiah)										
1952	2,432	3,302	1,565	631	2,850	22.6	30.6	14.5	5.9	26.4
1953	1,455	2,651	1,542	500	2,435	16.9	30.9	18.0	5.8	28.4
1954	1,030	2,021	1,418	459	1,977	14.9	29.3	20.5	6.6	28.6
1955	649	1,992	1,535	670	1,902	9.6	29.5	22.8	9.9	28.2
1956	1,950	2,497	1,873	817	2,569	20.1	25.7	19.3	8.4	26.5
1957	1,466	2,046	1,965	746	2,850	16.2	22.5	21.7	8.2	31.4
1958	1,328	1,177	1,155	547	1,578	23.0	20.3	20.0	9.4	27.3
1959	1,139	792	1,130	600	1,563	21.8	15.2	21.6	11.5	29.9
1960 1st half	3,204	2,450	2,305	793	2,983	27.3	20.9	19.6	6.8	25.4
JAPAN (yen)										
1952	214,299	20,980	344,199	113,052	37,818	29.3	2.9	47.1	15.5	5.2
1953	217,474	28,477	413,497	136,775	66,264	25.2	3.3	47.9	15.9	7.7
1954	231,598	20,821	412,705	125,824	72,677	26.8	2.4	47.8	14.6	8.4
1955	220,038	20,033	457,778	134,706	56,477	24.7	2.3	51.5	15.2	6.3
1956	197,594	19,904	581,071	283,656	71,973	17.1	1.7	50.4	24.6	6.2
1957	204,676	24,008	643,824	484,232	175,288	13.3	1.6	42.0	31.6	11.5
1958	187,950	21,298	547,312	189,225	144,101	17.2	2.0	50.2	17.4	13.2
1959	174,007	22,297	653,789	292,914	150,192	13.4	1.8	50.5	22.6	11.6
1960 1st half	87,027	13,157	416,318	211,620	78,011	10.8	1.6	51.6	26.3	9.7
KOREA, Republic of* (hwan)										
1952	3,095	910	1,884	843	312	43.9	12.9	26.8	12.0	4.4
1953	9,849	2,543	7,169	1,345	1,423	44.1	11.4	32.1	6.0	6.4
1954	3,318	5,947	10,661	2,665	5,177	11.9	21.4	38.4	9.8	18.8
1955	5,423	11,609	22,814	2,392	5,971	11.2	24.1	47.3	5.0	12.4
1956	5,415	10,472	11,528	1,453	5,935	15.5	30.1	33.1	4.2	17.1
1957	11,059	8,758	11,124	1,975	4,952	29.2	23.1	29.4	5.2	13.1
1958	8,485	9,901	17,012	2,689	5,477	19.5	22.7	39.0	6.2	12.6
1959	17,711	12,802	108,620	23,733	29,586	9.2	6.7	56.4	12.3	15.4
1960 1st half	11,741	6,778	73,355	12,719	15,901	9.7	5.6	60.9	10.6	13.2
LAOS* (kip)										
1955	182	205	63	67	146	27.5	30.9	9.5	10.1	22.0
1956	216	467	125	119	308	17.5	37.8	10.1	9.7	24.9
1957	203	555	144	188	344	14.2	38.7	10.0	13.1	24.0
1958	198	357	86	99	297	19.1	34.4	8.3	9.6	28.6
1959	238	254	110	159	261	23.3	24.9	10.8	15.5	25.5
1960 1st half	173	176	67	109	142	25.9	26.4	10.1	16.3	21.3
NORTH BORNEO (Malayan dollar)										
1952	20.5	18.0	5.1	8.2	18.5	29.1	25.6	7.3	11.7	26.3
1953	18.1	22.7	9.2	5.2	14.8	25.9	32.4	13.1	7.4	21.1
1954	17.5	26.3	9.3	4.4	14.9	24.1	36.3	12.8	6.1	20.7
1955	22.7	28.5	13.5	5.8	16.7	26.0	32.7	15.5	6.7	19.1
1956	30.5	34.6	21.3	6.9	22.0	26.5	30.0	18.4	6.0	19.1
1957	28.0	32.0	23.7	8.2	24.1	24.1	27.6	20.4	7.1	20.8
1958	30.4	37.1	27.7	7.8	24.8	23.8	29.0	21.7	6.1	19.4
1959	29.2	46.1	29.7	14.1	35.4	18.9	29.8	19.2	9.1	22.9
1960 1st half	16.0	25.5	18.4	7.8	25.9	17.1	27.2	19.7	8.3	27.7
PAKISTAN* (rupee)										
1952	113	568	451	188	415	6.5	32.8	26.0	10.8	23.9
1953	35	126	152	107	208	5.6	20.1	24.2	17.0	33.1
1954	32	160	187	129	398	3.5	17.7	20.6	14.2	43.9
1955	28	178	164	155	412	9.0	19.0	17.5	16.5	44.0
1956	259	331	195	291	616	15.3	19.6	11.5	17.2	36.4
1957	677	194	229	291	706	32.3	9.3	10.9	13.9	33.6
1958	560	129	193	303	709	29.7	8.9	9.7	16.1	37.6
1959	332	207	187	306	649	19.8	12.3	11.1	18.2	38.6
1960 1st half	273	190	166	247	625	18.2	12.6	11.1	16.4	41.7
PHILIPPINES* (peso)										
1952	154	258	168	74	189	18.3	30.6	19.9	8.8	22.4
1953	153	294	164	103	200	16.7	32.2	17.9	11.3	21.9
1954	158	302	168	112	225	16.4	31.3	17.4	11.6	23.3
1955	205	314	181	125	272	18.7	28.6	16.5	11.4	24.8
1956	176	222	169	132	314	17.4	21.9	16.7	13.0	31.0
1957	217	242	225	120	425	17.6	19.7	18.3	9.8	34.6
1958	236	194	231	85	377	21.0	17.3	20.5	7.6	33.6
1959	137	154	248	91	380	13.4	15.1	24.4	8.9	38.2
1960 1st half	91	70	127	45	213	16.7	12.8	23.3	8.2	39.0
SARAWAK (Malayan dollar)										
1952	48.2	30.0	279.6	7.4	17.7	12.6	7.8	73.0	1.9	4.6
1953	43.7	44.4	271.3	6.7	28.8	11.1	11.2	68.7	1.7	7.3
1954	46.2	42.8	273.1	6.9	27.5	11.7	10.8	68.9	1.7	6.9
1955	51.8	45.1	305.3	8.7	29.3	11.8	10.2	69.4	2.0	6.6
1956	52.9	45.2	325.9	9.7	30.1	11.3	9.7	70.4	2.1	6.5
1957	54.8	39.8	330.8	9.3	27.9	11.8	8.6	71.5	2.0	6.1
1958	48.4	37.3	312.5	8.7	25.1	11.2	8.6	72.3	2.0	5.8
1959	55.8	46.2	309.5	10.5	30.9	12.3	10.2	68.3	2.3	6.8
1960 1st half	28.1	26.7	137.7	5.8	19.0	12.9	12.3	63.4	2.7	8.7

EXTERNAL TRADE

19. COMPOSITION OF IMPORTS (Cont'd)

	VALUE (in millions)					PERCENTAGE DISTRIBUTION				
	Consumption goods		Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods	Consumption goods		Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods
	Food	Others				Food	Others			
THAILAND (Baht)										
1952	710	2,147	476	427	1,661	13.1	38.6	8.8	7.9	30.6
1953	830	2,274	546	478	2,049	10.5	38.0	9.1	8.0	34.3
1954	640	2,540	670	572	2,217	9.6	38.3	10.1	8.6	33.4
1955	618	2,936	822	670	2,233	8.5	40.3	11.3	9.2	30.7
1956	662	2,867	913	674	2,489	8.7	37.7	12.0	8.9	32.7
1957	694	2,831	1,026	897	2,993	8.2	33.5	12.2	10.6	35.5
1958	781	2,566	1,005	862	2,933	9.6	31.5	12.3	10.6	36.0
1959	732	2,966	1,131	880	3,274	8.2	33.0	12.6	9.8	36.4
1960 1st half	287	1,512	587	502	1,857	6.0	31.9	12.4	10.6	39.1
VIET-NAM, Republic of (piastre)										
1952 ^b	1,018	4,302	1,338	712	1,864	11.0	46.6	14.5	7.7	20.2
1953 ^b	1,332	5,531	1,607	951	1,766	11.9	49.4	14.4	8.5	15.8
1954 ^b	1,464	5,979	1,806	1,067	1,983	11.9	48.6	14.7	8.7	16.1
1955	1,075	4,847	1,285	663	1,342	11.7	52.6	13.9	7.2	14.6
1956	987	3,738	1,057	604	1,231	13.0	49.0	13.9	7.9	16.2
1957	911	4,193	1,724	1,175	2,084	9.0	41.6	17.1	11.6	20.7
1958	834	3,004	1,292	932	2,063	10.2	37.0	15.9	11.5	25.4
1959	830	2,455	1,340	1,097	2,139	10.6	31.2	17.0	14.0	27.2
1960 1st half	473	1,150	767	649	1,128	11.3	27.6	18.4	15.6	27.1

GENERAL NOTE RELATING TO TABLES 19 and 20: Total of the five groups of imports or exports do not add up to total imports or exports published in national trade returns, because (1) in a few countries a small part of the imports or exports (in no case more than 4%) are not included in the commodity trade statistics published by governments, and (2) of rounding. Percentage distribution refers to percentages of the totals of the five groups of commodities.

a. Regional totals in US dollars including all countries listed in the table. Imports of India in fiscal years are added to imports of other countries in calendar years.

b. Excluding Burma.

c. Figures for 1952-1954 are included under Viet-Nam.

d. Annual rate based on 9 months April-December; except food which is 12 months beginning April 1956 to March 1957.

e. Figures for 1952-1958 excluding foreign aid. From 1959 onwards figures including foreign aid.

f. Prior to 1956, figures relating to private account only.

g. f.o.b. value.

h. Including Cambodia and Laos.

20. COMPOSITION OF EXPORTS

	VALUE (in millions)				PERCENTAGE DISTRIBUTION			
	Consumption goods	Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods	Consumption goods	Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods
FED. OF MALAYA AND SINGAPORE (Malayan dollar)								
1952	581	2,233	844	148	15.3	58.6	22.2	3.9
1953	718	1,497	581	115	24.7	51.4	20.0	3.9
1954	732	1,576	595	83	24.5	52.8	19.9	2.8
1955	723	2,551	669	87	17.9	63.3	16.6	2.2
1956	810	2,349	748	105	20.2	58.6	18.6	2.6
1957	824	2,301	730	125	20.7	57.8	18.3	3.2
1958	785	2,118	507	114	22.3	60.1	14.4	3.2
1959	707	2,871	556	111	16.7	67.6	13.1	2.6
1960 1st half	355	1,563	368	62	15.1	66.6	15.7	2.6
HONG KONG (Hong Kong dollar)								
1952	1,642	834	183	235	56.7	28.8	6.3	8.1
1953	1,601	803	88	235	58.7	29.5	3.2	8.6
1954	1,376	804	73	164	56.9	33.3	3.0	6.8
1955	1,503	733	92	203	59.4	29.0	3.6	8.0
1956	1,887	803	156	353	59.0	25.1	4.9	11.0
1957	1,933	617	155	311	64.1	20.5	5.1	10.3
1958	2,072	532	108	276	69.3	17.8	3.6	9.2
1959	2,329	506	170	272	71.1	15.4	5.2	8.3
1960 1st half	1,430	253	115	143	73.7	13.0	5.9	7.4
INDIA (rupee)								
1952 ^a	3,598	1,411	637	77	62.9	24.7	11.1	1.3
1953 ^a	3,604	1,028	570	47	68.7	19.6	10.8	0.9
1954 ^a	4,215	1,225	386	48	71.7	20.9	6.6	0.8
1955 ^a	3,755	1,673	414	51	63.7	28.4	7.0	0.9
1956 ^a	4,093	1,172	447	51	71.0	20.3	7.8	0.9
1957	3,995	1,606	723	51	62.7	25.2	11.3	0.8
1958	3,857	1,277	532	40	67.6	22.4	9.3	0.7
1959	4,093	1,420	585	54	68.5	23.1	9.5	0.9
1960 1st half	1,838	738	348	52	62.2	24.9	11.8	1.1
JAPAN (yen)								
1952	204,255	61,431	35,073	153,633	45.0	13.5	7.7	33.8
1953	227,743	70,497	30,915	126,264	49.8	15.4	6.8	28.0
1954	294,816	98,871	39,016	153,763	50.3	16.8	6.7	26.2
1955	344,881	109,389	63,405	204,264	47.7	15.2	8.8	28.3
1956	422,755	115,440	78,690	275,719	47.4	12.9	8.8	30.9
1957	479,637	143,211	67,115	330,615	47.0	14.0	6.6	32.4
1958	477,241	129,267	62,034	358,954	46.5	12.6	6.0	34.9
1959	570,410	163,689	62,481	443,396	46.0	13.2	5.0	35.8
1960 1st half	296,246	93,526	29,323	240,922	44.9	14.2	4.4	36.5

GENERAL NOTE: see table.

a. Annual rate based on 9 months April-December.

EXTERNAL TRADE

21. VALUE OF IMPORTS BY PRINCIPAL COMMODITY GROUPS
Monthly averages or calendar months

Millions

	1954	1955	1956	1957	1958	1959	1959		1960				
							III	IV	I	II	III	Oct	Nov
BRUNEI (Malayan dollar)													
Food	1.24	1.40	1.35	1.16	1.10	1.06	1.07	1.13	...	...	...	...	...
Mineral fuels, lubricants and related materials	0.51	0.24	0.21	0.29	0.25	0.21	0.16	0.18	...	...	...	...	...
Chemicals	0.32	0.32	0.34	0.42	0.41	0.29	0.34	0.30	...	...	...	...	...
Textiles	0.18	0.15	0.21	0.17	0.15	0.10	0.10	0.10	...	...	...	...	...
Machinery	1.53	1.30	1.46	1.55	1.11	0.68	0.71	0.86	...	...	...	...	...
Transport equipment	0.79	0.51	0.70	0.58	0.55	0.34	0.38	0.26	...	...	...	...	...
Other manufactured goods	3.45	3.29	3.93	3.25	2.40	...	...	...	...	...	...	...	...
BURMA (kyat)													
Food	10.3	8.0	6.8	10.9	10.0	10.0	...	...	10.8	...	...	...	...
Chemicals	4.6	5.4	7.1	10.3	5.4	6.5	...	...	9.8	...	...	...	...
Textiles	24.1	16.6	22.4	33.0	15.8	22.9	26.0	32.0	38.6	...	...	...	...
Base metals and manufactures	9.4	8.4	6.9	14.1	9.8	9.2	9.0	10.7	9.1	12.7	...	...	...
Machinery	7.8	7.3	10.1	12.0	15.7	12.7	12.3	18.7	9.4	16.0	...	...	...
Transport equipment	4.6	5.7	6.3	11.2	8.7	6.5	...	...	7.0	...	...	...	...
Other manufactured goods	11.2	9.3	9.7	13.9	9.2	9.7	...	...	10.8	...	...	...	...
CAMBODIA (riel)													
Food	10.0	15.1	16.5	20.5	22.5	24.8	21.7	20.6	25.3	23.2	28.0	...	...
Beverages and tobacco	22.8	9.0	5.2	6.7	8.0	6.8	4.5	8.8	8.1	8.9	7.0	...	...
Mineral fuels, lubricants and related materials	13.6	11.8	9.9	5.3	3.5	25.5	48.7	18.2	17.5	6.5	28.7	...	...
Textiles	26.9	27.8	33.4	35.0	40.1	25.0	27.3	35.2	91.5	50.4	52.3	...	...
Base metals and manufactures	10.1	13.1	13.6	20.0	23.4	26.0	29.4	28.5	62.8	24.2	20.3	...	...
Machinery	5.6	11.3	16.1	11.9	29.0	20.6	19.8	30.5	45.1	35.6	25.3	...	...
Transport equipment	8.5	8.7	9.7	9.1	22.6	13.3	10.3	20.5	21.4	24.5	23.4	...	...
CEYLON (rupee)													
Food	53.8	50.3	56.7	59.4	57.8	65.7	91.2	71.0	59.6	50.7	79.3	59.1	62.3
Cereals and cereal preparations	33.0	26.1	28.3	29.0	26.0	33.0	59.4	33.4	24.0	19.0	38.5	17.0	31.9
Mineral fuels, lubricants and related materials	9.9	12.0	10.6	18.7	11.8	12.6	14.2	11.4	16.7	11.2	12.6	13.5	6.9
Chemicals	6.1	7.6	8.2	10.1	8.7	11.2	12.6	12.3	10.9	11.5	10.1	11.9	9.3
Textiles	12.2	11.3	13.4	13.6	15.1	14.2	12.6	17.3	14.2	14.8	15.5	21.0	14.3
Machinery	5.7	7.1	8.7	9.5	10.6	12.8	12.9	13.0	10.8	11.0	11.2	12.7	14.4
Transport equipment	4.8	5.9	6.9	7.3	8.9	14.7	13.8	16.2	15.7	16.6	11.0	8.5	6.8
Other manufactured goods	20.0	21.8	25.1	25.3	24.1	30.2	30.2	35.0	32.2	34.8	34.7	35.1	27.0
CHINA: Taiwan (new Taiwan dollar)													
Food	43.7	26.6	42.2	33.6	46.7	49.6	46.8	71.9	48.4	144.1	33.7	82.5	...
Crude materials, inedible, except fuels	66.9	63.5	92.1	107.4	93.0	138.5	164.7	116.0	136.5	182.7	191.4	244.5	...
Oil-seeds, oil nuts and oil kernels	17.5	19.0	23.3	25.0	20.4	28.8	38.9	21.8	24.3	30.2	51.7	56.7	...
Textile fibres, raw	31.8	31.8	37.1	43.7	41.8	55.6	61.6	42.7	64.5	90.5	80.9	103.8	...
Mineral fuels, lubricants and related materials	9.3	21.3	26.2	46.3	36.6	49.0	53.9	40.2	71.7	84.0	29.6	13.1	...
Chemicals	47.8	44.8	75.7	62.1	103.2	146.1	200.5	121.6	129.3	109.1	192.3	119.6	...
Base metals and manufactures	29.0	25.9	45.7	48.0	47.9	77.9	92.9	73.2	67.6	69.6	113.3	77.9	...
Machinery	33.5	43.8	60.6	74.9	76.2	134.0	164.7	123.5	100.6	278.9	235.6	128.9	...
Transport equipment	8.6	8.0	14.2	16.6	23.3	39.1	46.7	56.0	30.5	92.2	58.1	66.0	...
Other manufactured goods	26.4	21.4	30.6	37.3	28.9	42.2	39.7	43.4	64.7	53.1	56.0	69.2	...
FEDERATION OF MALAYA (Malayan dollar)													
Food	35.1	39.8	43.7	44.0	44.0	42.5	45.9	45.7	44.7	45.1	49.1	44.6	...
Cereals and cereal preparations	12.0	14.5	15.6	15.5	15.8	15.6	17.2	17.7	14.1	15.9	19.1	...	...
Crude materials, inedible, except fuels	11.5	14.1	16.5	17.3	15.2	17.6	17.8	23.7	28.0	26.9	31.4	31.2	...
Metal ores and scrap	3.9	5.3	5.9	7.3	4.4	5.1	5.3	6.3	6.8	10.6	16.6	...	...
Mineral fuels, lubricants and related materials	9.6	10.5	11.3	12.5	11.2	10.7	10.8	10.8	10.7	13.4	14.1	9.6	...
Textiles	7.4	8.9	8.3	8.4	7.3	8.3	8.6	9.5	11.0	8.7	9.7	...	...
Machinery	8.2	8.3	10.6	11.7	10.4	11.7	11.4	15.4	14.0	14.7	15.8	26.3	...
Transport equipment	4.1	6.2	8.6	8.6	8.0	8.4	9.8	10.0	10.3	12.7	11.9	...	...
Other manufactured goods	19.6	23.7	26.8	27.3	22.5	24.5	24.5	27.4	28.3	28.8	29.6	...	...
INDIA (rupee)													
Food	80.4	94.6	84.7	162.5	1,488	128.9	137.2	109.2	75.0	77.1	143.7	64.2	55.7
Crude materials, inedible, except fuels	72.7	94.2	99.6	93.5	66.7	78.6	84.9	74.5	101.4	147.7	149.5	100.1	90.6
Cotton raw and waste	47.9	44.6	44.7	40.5	25.6	29.0	30.0	21.8	42.1	85.6	85.7	33.5	40.3
Petroleum and products	72.5	78.3	90.4	89.6	63.2	65.0	62.4	88.9	78.4	55.8	54.4	46.1	56.3
Chemicals	41.9	44.0	49.0	64.0	54.4	71.0	80.3	60.9	72.8	71.3	71.6	71.7	57.5
Base metals and manufactures	45.3	69.0	131.2	191.2	125.6	120.2	101.6	124.7	114.5	156.8	158.7	164.1	126.9
Machinery	75.7	76.9	127.5	194.1	157.4	163.5	158.0	178.6	161.4	207.7	197.8	180.0	202.1
Transport equipment	31.7	56.2	64.4	63.2	49.6	58.7	49.5	46.1	41.6	59.2	46.0	50.4	44.6
Other manufactured goods	55.8	68.2	90.8	66.4	43.8	44.3	42.5	43.1	43.6	45.9	52.6	42.4	43.0
INDONESIA (rupiah)													
Live animals, food products, beverages and tobacco	96.0	63.2	177.2	133.0	114.8	99.1	80.6	142.4	631.1	448.4	422.0	597.2	...
Chemicals and allied products	36.9	53.4	55.9	59.9	43.2	50.7	56.4	48.1	116.7	115.8	191.6	184.3	...
Textiles, apparel and footwear	173.9	175.4	202.2	165.8	101.6	84.5	66.1	125.8	437.6	620.7	620.3	556.6	...
Base metals and manufactures	63.2	72.2	80.4	111.4	53.4	60.4	70.0	67.3	138.0	203.2	188.3	196.8	...
Machinery and transport equipment	116.2	102.4	145.7	134.7	88.5	82.2	71.7	98.8	233.6	442.1	433.1	344.5	...

EXTERNAL TRADE

21. VALUE OF IMPORTS BY PRINCIPAL COMMODITY GROUPS (Cont'd)

Monthly averages or calendar months

Millions

	1954	1955	1956	1957	1958	1959	1959		1960				
							III	IV	I	II	III	Oct	Nov
IRAN* (rial) ^c													
Food, beverages and tobacco . . .	127.6	146.3	326.2	371.4	...	...	...	...	...	...	...	...	...
Sugar	94.7	78.8	189.1	180.1	180.1	151.2	162.0	160.0	...	...	...	...	...
Tea	25.4	58.6	78.6	137.8	124.2	93.3	79.3	90.3	...	...	...	...	...
Chemicals	71.8	73.6	61.8	88.7	128.5	198.2	229.7	162.7	...	...	...	...	...
Textiles	128.8	117.3	270.4	312.3	...	...	...	...	...	...	...	...	...
Base metals and manufactures . . .	170.2	230.5	185.0	288.6	390.2	483.6	513.0	520.0	...	...	...	...	...
Machinery	185.4	237.2	230.3	298.0	565.2	861.7	1,094.0	710.0	...	...	...	...	...
Transport equipment	101.2	129.1	151.4	169.2	279.8	381.7	372.0	231.7	...	...	...	...	...
Other manufactured goods . . . . .	...	...	...	...	...	...	...	...	...	...	...	...	...
JAPAN (thousand million yen)													
Food	19.30	18.34	16.47	17.06	15.66	14.50	14.11	13.18	13.93	15.08	17.43	16.52	16.50
Cereals and cereal preparations . . .	14.66	13.20	11.08	9.36	9.43	8.69	8.52	7.45	7.32	8.82	9.67	...	...
Sugar and sugar preparations . . .	3.39	3.64	4.02	5.08	3.85	3.40	3.40	2.89	4.03	3.17	3.90	1.82	2.97
Crude materials, inedible, except fuels	33.78	36.77	51.31	60.29	39.98	52.04	54.11	58.18	69.90	68.79	64.43	...	...
Oil-seeds, oil nuts & oil kernels . . .	2.91	4.41	4.01	4.23	4.04	4.93	5.14	4.70	7.57	4.52	5.91	...	...
Crude rubber	1.30	2.24	2.66	3.05	2.59	4.25	4.86	4.98	6.57	5.37	5.34	4.56	4.25
Textile fibres, raw	18.54	17.57	23.16	23.86	18.23	19.56	16.86	21.14	26.27	25.40	20.07	16.44	19.43
Metal ores and scrap	5.13	5.57	13.70	20.78	7.73	14.89	17.19	17.24	19.10	19.92	21.47	21.09	19.76
Mineral fuels, lubricants and related materials	8.02	8.67	12.38	20.39	15.43	16.69	15.89	19.33	21.25	21.01	22.34	22.85	24.39
Chemicals	1.92	2.41	4.90	5.50	4.99	6.69	6.65	7.47	8.03	7.96	7.56	7.79	8.94
Machinery	3.77	3.29	3.93	7.26	9.11	8.96	7.47	6.89	9.63	8.65	9.44	...	...
Transport equipment	1.55	0.68	0.92	1.41	1.15	1.64	2.08	1.62	1.71	1.59	3.98	13.47	11.22
Other manufactured goods	2.54	2.41	5.68	15.26	4.42	5.93	6.79	7.18	9.05	10.52	8.85	...	...
KOREA, Republic of (hwan) ^d													
Food	276	555	452	922	707	1,266	1,450	1,401	1,597	2,316	2,746	2,102	2,201
Cereals and cereal preparations . . .	122	78	65	558	198	855	784	799	984	1,457	1,645	1,342	1,140
Beverages and tobacco	126	189	220	224	174	1	—	—	1	3	1	—	—
Crude materials, inedible, except fuels	106	115	120	206	440	3,665	3,779	4,295	4,185	5,458	4,878	4,704	6,367
Chemicals	351	693	370	325	492	4,281	6,562	3,224	4,075	7,898	4,813	3,163	2,789
Textiles	604	1,273	683	345	392	1,082	855	1,363	1,319	1,238	1,699	1,532	2,186
Machinery	203	276	254	262	309	1,460	1,367	2,149	1,388	2,200	1,762	1,766	1,594
Transport equipment	113	52	79	48	42	308	73	40	42	32	37	53	18
Other manufactured goods	461	862	711	711	889	1,879	1,929	1,836	2,209	3,229	2,845	2,616	3,415
LAOS (kip)													
Food . . . . .	...	15.2	18.0	17.0	16.5	19.8	17.6	24.9	25.5	32.3	...	...	...
Cereals and cereal preparations . . .	...	7.4	10.5	6.2	3.4	3.3	1.5	6.3	5.9	6.3	...	...	...
Petroleum products . . . . .	...	2.3	4.0	4.8	8.5	14.9	16.4	17.5	21.7	26.2	...	...	...
Chemicals . . . . .	...	2.9	5.6	8.4	4.5	4.7	5.1	6.7	4.3	7.5	...	...	...
Textiles . . . . .	...	9.1	23.0	26.0	11.6	11.7	12.8	12.3	9.2	8.8	...	...	...
Machinery . . . . .	...	3.9	6.9	7.8	8.3	8.9	7.5	5.8	11.6	8.4	...	...	...
Transport equipment . . . . .	...	3.5	12.0	18.7	10.1	6.9	12.8	5.2	7.8	5.0	...	...	...
Other manufactured goods . . . . .	...	11.5	24.6	28.1	16.5	57.7	155.6	12.6	22.2	18.1	...	...	...
NORTH BORNEO (Malayan dollar)													
Food	1.46	1.89	2.54	2.33	2.53	2.43	2.59	2.57	2.53	2.80	2.99	...	...
Mineral fuels, lubricants and related materials	0.48	0.44	0.51	0.48	0.40	1.43	1.35	1.62	1.28	1.13	1.44	...	...
Chemicals	0.24	0.32	0.41	0.44	0.44	0.58	0.64	0.63	0.56	0.74	0.59	...	...
Textiles	0.46	0.53	0.69	0.55	0.47	0.50	0.49	0.59	0.67	0.68	0.76	...	...
Machinery	0.70	0.57	0.68	0.89	0.96	1.62	1.73	2.07	2.16	3.03	2.23	...	...
Transport equipment	0.25	0.24	0.51	0.45	0.51	0.56	0.50	0.60	0.72	1.07	0.79	...	...
Other manufactured goods	1.17	1.59	2.01	2.02	1.96	2.24	2.25	2.52	2.34	2.76	2.90	...	...
PAKISTAN (rupee) ^e													
Mineral oils	8.3	9.5	8.3	7.4	7.3	13.9	17.3	21.9	17.8	27.1	23.6	30.9	...
Chemicals	6.5	7.0	8.5	10.5	10.8	9.0	9.2	14.7	11.0	18.0	17.3	21.1	...
Iron and steel manufactures	5.6	8.3	15.5	18.8	19.7	14.2	8.8	17.3	23.6	22.5	28.7	31.1	...
Machinery	22.9	20.8	26.3	26.5	26.2	28.2	27.6	30.5	53.8	71.7	39.3	44.4	...
Transport equipment	3.7	4.1	7.7	9.5	10.7	9.4	9.8	12.0	11.5	17.6	16.5	27.2	...
PHILIPPINES (peso) ^f													
Food	13.2	17.1	14.7	18.0	19.6	11.4	12.2	13.5	14.0	16.2	15.5	12.1	10.6
Cereals and cereal preparations . . .	4.3	6.2	4.4	6.3	8.7	3.9	3.6	5.2	4.0	4.6	5.1	3.0	0.6
Mineral fuels, lubricants and related materials	9.0	9.0	8.7	9.6	10.2	9.9	10.1	11.2	9.2	9.6	7.1	5.4	4.2
Chemicals	6.4	7.3	6.5	9.5	8.5	9.8	9.2	12.0	9.9	9.3	7.8	9.3	9.7
Textiles	13.7	14.2	9.9	12.9	9.0	6.4	6.0	7.7	5.2	5.4	5.0	4.3	6.1
Machinery	10.3	12.4	16.1	18.0	16.3	17.9	18.1	19.9	18.7	19.7	18.1	13.0	15.5
Transport equipment	4.2	5.0	4.8	5.6	4.8	4.6	5.0	4.5	5.3	5.7	17.7	44.8	29.6
Other manufactured goods	19.7	21.7	20.1	24.7	19.7	19.2	20.6	21.8	17.5	22.9	19.2	16.2	18.7
SARAWAK (Malayan dollar)													
Food	3.85	4.32	4.36	4.57	4.04	4.65	5.35	4.69	4.99	5.62	...	...	...
Mineral fuels, lubricants and related materials	22.40	24.93	26.80	27.38	25.87	25.42	24.92	22.48	21.21	20.48	...	...	...
Chemicals	0.70	0.82	0.79	0.80	0.83	0.97	1.12	1.21	1.30	1.30	...	...	...
Textiles	0.57	0.61	0.54	0.47	0.42	0.61	0.63	0.84	0.95	0.74	...	...	...
Machinery	1.19	1.21	1.20	1.20	1.03	1.42	1.59	1.62	1.69	1.44	...	...	...
Transport equipment	0.36	0.37	0.45	0.38	0.36	0.37	0.45	0.54	0.48	0.66	...	...	...
Other manufactured goods	2.10	2.37	2.38	2.13	2.00	2.49	2.67	2.67	3.09	2.69	...	...	...

EXTERNAL TRADE

21. VALUE OF IMPORTS BY PRINCIPAL COMMODITY GROUPS (Cont'd)

Monthly averages or calendar months

Millions

	1954	1955	1956	1957	1958	1959	1959		1960				
							III	IV	I	II	III	Oct	Nov
SINGAPORE (Malayan dollar)*													
Food	44.7	45.2	50.5	50.0	53.2	48.4	43.7	52.8	52.1	43.9	47.2	...	...
Cereals and cereal preparations	11.7	11.7	13.3	12.1	15.9	11.1	9.7	11.7	11.6	11.8	12.1	...	...
Crude materials, inedible, except fuels	39.7	59.5	54.9	57.0	50.8	72.9	74.3	86.3	85.4	76.3	60.9	...	...
Crude rubber	27.8	51.0	46.4	45.6	41.2	62.6	65.1	77.5	75.6	66.1	51.4	...	...
Mineral fuels, lubricants and related materials	43.7	50.0	59.1	65.2	55.8	50.0	54.4	45.2	43.3	49.2	54.7	...	...
Textiles	12.7	17.9	17.9	17.6	22.0	18.0	15.4	17.2	19.5	17.4	17.2	...	...
Machinery	7.9	10.3	12.2	13.5	12.3	11.4	12.6	11.4	13.1	13.3	14.4	...	...
Transport equipment	4.9	6.2	7.6	9.0	7.8	6.3	6.8	6.8	7.0	10.7	7.8	...	...
Other manufactured goods	25.7	30.2	34.1	37.7	33.3	31.0	31.3	29.5	33.8	35.0	34.8	...	...
THAILAND (baht)													
Food	53.3	51.5	55.2	57.8	65.1	61.0	73.9	62.0	51.9	57.9	64.1	66.3	63.9
Mineral fuels, lubricants and related materials	47.5	57.0	64.6	77.3	75.1	78.7	81.8	94.5	74.4	92.4	98.0	56.2	94.5
Chemicals	43.9	48.1	54.5	62.8	63.1	76.5	78.9	75.1	71.5	85.9	82.9	72.7	78.5
Textiles	105.0	113.4	120.3	113.7	102.0	115.8	108.4	126.0	115.2	91.4	107.5	136.9	129.8
Machinery	71.1	65.3	73.8	85.2	93.6	124.5	129.6	156.6	155.7	111.9	102.9	109.2	135.0
Transport equipment	44.6	48.7	53.1	73.7	61.4	58.8	59.7	48.1	60.9	76.1	81.5	59.3	50.8
Other manufactured goods	168.7	191.1	173.8	189.7	184.1	184.4	154.3	175.8	213.3	185.3	189.9	187.4	195.3
VIET-NAM (piastre)^b													
Food	122.0	89.6	82.2	75.9	69.5	69.2	58.5	88.5	84.5	73.3	79.5	66.7	45.0
Petroleum and products	41.0	33.7	35.0	44.6	46.8	51.8	49.1	56.7	49.9	68.4	41.7	78.4	22.5
Textiles	190.1	111.2	123.5	128.7	108.5	73.9	64.7	84.6	74.5	55.2	60.3	71.7	112.4
Machinery	76.2	65.4	49.2	83.9	63.0	75.2	78.1	101.8	84.0	101.3	82.5	101.6	62.3
Transport equipment	49.3	52.3	32.6	58.3	53.4	42.0	45.5	54.6	39.9	39.2	34.2	39.0	67.3

GENERAL NOTE: See table 6.

a. 1954 figures for Ceylon, 1954 to 1956 figures for India, reclassified by ECAFE Secretariat, may not conform exactly to the new classification beginning from 1955 and 1957 respectively.

b. Including trade with Singapore.

c. Prior to 1956, transaction values converted from foreign currency to rials at the official rate of exchange and excluding the value of exchange certificates; beginning 1956, including the value of exchange certificates.

d. Figures for 1954-1958, excluding foreign aid. From 1959 onwards figures including foreign aid.

e. Figures prior to 1956, relating to private account only. From 1956 onwards figures including government account.

f. Imports valued f.o.b.

g. Excluding trade with the Federation of Malaya.

h. See footnote j to table 17.

22. VALUE OF EXPORTS BY PRINCIPAL COMMODITIES AND/OR COMMODITY GROUPS

Monthly averages or calendar months

Millions

	1954	1955	1956	1957	1958	1959	1959		1960				
							III	IV	I	II	III	Oct	Nov
BRUNEI (Malayan dollar)													
Crude petroleum	21.85	23.91	25.78	26.14	25.04	24.38	24.58	23.40	...	...	...	...	...
Natural rubber	0.12	0.33	0.35	0.20	0.18	0.34	0.34	0.45	...	...	...	...	...
BURMA (kyat)													
Rice and products	79.4	68.1	72.3	66.7	56.9	62.8	84.2	59.7	84.7	84.9	52.0	...	...
Natural rubber	2.4	2.7	3.7	3.1	2.2	3.0	2.1	2.5	4.7	0.6	...	...	...
Teak	2.0	1.8	2.8	5.6	4.3	5.7	6.2	6.2	5.9	7.8	...	...	...
Raw cotton	4.2	3.2	4.3	2.1	1.3	1.8	2.0	1.7	4.1	3.4	1.9	...	...
Base metals and ores	3.8	4.9	5.2	3.9	2.9	3.5	4.0	3.7	2.9	2.3	...	...	...
CAMBODIA (riel)													
Rice	69.5	9.3	20.6	55.8	64.6	67.1	57.8	63.4	67.1	48.8	96.2	...	...
Maize	16.9	12.5	15.9	14.8	18.7	18.1	10.4	36.8	24.0	12.5	27.1	...	...
Natural rubber	34.3	51.1	42.2	47.7	51.2	57.9	97.2	40.8	62.9	47.9	89.4	...	...
CEYLON (rupee)													
Tea	93.6	99.5	87.0	85.1	94.2	87.1	90.2	97.4	93.7	89.8	94.2	100.1	84.7
Coconut and products	18.2	19.0	18.0	13.3	13.6	20.3	22.5	22.4	12.5	14.6	19.1	20.8	10.9
Natural rubber	23.8	29.2	24.4	25.0	21.5	24.8	20.6	25.1	48.0	27.0	20.3	38.6	17.6
CHINA (Taiwan, new Taiwan dollar)													
Rice	9.4	37.3	34.4	37.0	54.4	70.9	—	91.0	4.1	48.4	—	—	...
Fruits, fresh, dried and preserved	10.7	12.3	18.4	16.2	26.3	43.5	45.2	41.2	32.0	54.8	61.0	33.5	...
Tea	12.1	7.0	10.2	11.6	13.1	21.0	13.3	37.2	19.1	12.5	19.0	21.2	...
Sugar	70.2	79.6	127.6	191.0	166.8	193.4	81.3	125.3	267.7	263.4	108.4	166.7	...
FEDERATION OF MALAYA*													
(Malayan dollar)													
Natural rubber	75.3	132.0	114.8	108.7	99.8	143.5	154.1	174.7	169.4	156.2	147.9	...	...
Iron ore	1.8	2.7	4.3	5.5	5.2	8.3	11.7	7.3	7.2	15.2	15.9	...	...
Vegetable oils	7.2	7.2	8.3	7.7	7.3	6.8	8.0	7.2	7.0	6.4	7.5	...	...
Tin metal	18.4	19.3	28.4	28.8	19.7	24.5	24.5	29.3	36.8	34.3	48.5	...	...
INDIA (rupee)^b													
Food	144.8	131.2	157.6	149.3	150.3	161.8	191.0	230.7	149.4	99.8	161.0	222.3	255.9
Tea	109.4	94.3	118.5	102.8	113.8	105.3	133.1	165.9	77.4	41.1	114.0	154.1	190.9
Spices	12.0	8.8	7.7	7.0	7.4	8.5	7.8	13.8	21.1	12.4	10.2	14.7	12.3
Crude materials, inedible, except fuels	73.2	98.3	84.2	103.8	85.1	97.7	96.8	101.5	99.1	107.1	68.3	81.8	75.2
Hides and skins, undressed	5.7	5.6	5.1	5.8	6.0	8.9	8.5	10.3	10.6	10.0	5.3	6.9	3.1
Cotton raw and waste	15.4	28.9	20.9	15.6	17.7	13.6	15.9	9.7	9.7	9.1	5.8	2.4	4.2
Vegetable oils	7.4	31.2	17.4	9.5	6.2	11.6	11.4	21.3	7.2	13.3	10.4	7.9	3.2
Chemicals	4.7	4.1	4.5	4.6	3.7	4.1	4.8	4.6	5.1	4.9	6.6	5.4	6.8
Leather and manufactures	18.2	19.0	18.7	18.1	15.3	24.0	27.0	27.7	23.7	22.8	18.8	19.1	18.3
Cotton yarn and fabrics	59.7	53.0	51.9	57.2	43.9	55.1	60.7	75.8	55.5	51.1	50.8	49.6	50.4
Jute yarn and fabrics	101.2	102.9	94.6	49.6	49.6	55.5	59.6	56.1	54.2	63.6	64.7	59.1	74.3
Other manufactured goods	29.3	31.3	30.9	109.7	81.1	75.2	81.4	85.4	69.6	89.8	95.5	90.4	101.8

EXTERNAL TRADE

22. VALUE OF EXPORTS BY PRINCIPAL COMMODITIES AND/OR COMMODITY GROUPS (Cont'd)

Monthly averages or calendar months

Millions

	1954	1955	1956	1957	1958	1959	1959		1960					
							III	IV	I	II	III	Oct	Nov	
INDONESIA (rupiah)														
Tea	37.9	29.7	28.3	28.4	23.6	19.2	16.3	20.0	108.8	105.9	99.0	103.7	...	RICE
Copra	55.1	40.4	43.3	42.9	19.9	30.2	12.2	56.3	150.9	97.4	92.0	115.4	...	Burn
Natural rubber	257.6	410.0	342.7	332.0	248.2	396.6	388.6	514.5	1,543.8	1,645.6	1,255.6	1,304.1	...	Com
Tin ore	58.4	56.9	60.5	52.9	35.9	34.0	29.8	40.4	186.8	157.5	183.7	144.9	...	Chin
Petroleum and products	215.8	205.0	242.5	287.7	268.2	219.8	215.3	99.3	818.1	752.9	788.1	901.9	...	Tha
IRAN* (rials)														
Fruits, fresh, dried and preserved	125.5	97.8	113.2	124.7	135.3	...	...	...	...	...	...	...	...	Viet
Raw cotton	215.2	139.5	139.7	160.4	124.5	139.6	36.0	232.0	...	...	...	...	...	SUGA
Petroleum and products	167.3	783.8	1,325.7	1,608.1	1,904.9	...	...	...	...	...	...	...	...	Chin
Carpets, hand made	104.6	104.7	105.3	123.2	110.4	123.1	116.3	143.0	...	...	...	...	...	Indo
JAPAN (thousand million yen)														
Food	3.92	3.98	5.32	5.36	6.92	7.63	8.42	9.79	6.63	6.84	7.29	11.37	8.51	Phil
Fish and fish preparations	2.23	2.27	3.62	3.66	5.13	5.35	5.98	7.31	4.08	4.36	4.74	8.98	5.26	TEA
Crude materials, inedible except fuels	2.50	2.94	2.86	2.79	2.27	3.28	3.80	4.24	3.08	3.63	4.08	...	...	Cey
Textile fibres, raw	1.54	1.74	1.65	1.74	1.13	1.98	2.44	2.89	1.88	2.23	2.74	...	...	Chin
Chemicals	2.37	2.82	3.21	3.79	4.13	5.01	4.38	4.94	5.25	5.21	5.23	4.53	4.36	Indo
Textiles	16.50	17.55	20.81	24.44	21.17	22.78	22.48	27.49	23.48	25.08	27.98	32.85	30.48	Jap
Base metals and manufactures	7.51	11.61	10.24	9.70	11.15	12.05	11.84	14.54	13.19	15.80	17.89	18.85	20.22	Pak
Machinery	3.86	3.83	5.07	6.21	7.08	11.16	11.81	15.34	12.08	14.57	15.68	24.73	35.07	Indi
Transport equipment	2.20	3.57	9.56	12.75	11.91	13.34	12.62	14.88	13.15	10.27	13.60	...	...	Pak
Other manufactured goods	9.22	12.97	16.76	20.12	20.10	27.00	29.62	32.17	26.64	32.29	48.90	...	...	COPR
KOREA, Republic of (hwan)														
Food	67	43	58	152	159	251	122	247	256	549	784	823	2,261	Cey
Crude materials, inedible except fuels	427	566	842	586	590	744	863	493	685	1,274	1,633	1,461	1,808	Fed
Chemicals	32	47	36	24	1	11	11	16	30	34	33	29	45	(c
Manufactured goods	26	65	108	169	165	161	172	194	187	533	417	173	309	Indo
LAOS (kip)														
Wood and lumber . . . . .	...	1.00	0.28	0.13	0.58	1.07	3.00	0.96	0.12	0.32	...	...	...	N. I
Tin ore . . . . .	...	0.75	1.34	1.50	1.60	2.11	1.86	2.23	3.42	3.57	...	...	...	Phil
Gums and resins . . . . .	...	0.59	0.74	0.63	0.49	0.29	0.30	0.20	0.41	0.32	...	...	...	Sing
Plants for use in medicine and perfumery . . . . .	...	0.09	0.24	0.13	0.58	0.84	0.42	0.31	0.51	0.13	...	...	...	PALE
NORTH BORNEO (Malayan dollar)														
Copra	1.15	1.18	1.94	2.00	2.68	2.93	3.19	3.35	3.15	3.94	3.57	...	...	Fed
Rubber	2.03	3.84	3.36	3.10	2.74	3.92	3.98	5.02	4.26	4.42	4.03	...	...	Indo
Timber	1.46	1.81	2.18	2.63	3.03	5.09	6.11	6.52	6.08	7.46	7.21	...	...	Sing
PAKISTAN (rupee)														
Tea	3.9	2.9	4.5	2.0	2.8	2.4	3.1	5.9	2.8	...	0.1	0.8	...	Indi
Raw jute	45.4	58.0	62.6	65.2	70.0	56.7	41.7	82.3	62.6	56.4	45.7	109.9	...	Fed
Raw cotton	29.1	33.6	30.3	27.6	20.0	10.1	8.5	4.8	19.5	30.1	9.4	4.7	...	Indo
Raw wool	3.5	5.6	5.9	8.8	4.0	5.1	3.7	4.5	6.6	10.2	2.4	6.9	...	N. I
Hides and skins	2.8	2.8	3.3	3.4	3.4	6.8	5.7	5.7	6.8	8.2	4.2	4.6	...	Sar
PHILIPPINES (peso)														
Coconut and coconut preparations	26.7	24.7	28.5	28.1	29.9	29.8	37.3	36.7	28.2	31.7	33.9	28.0	21.2	Tha
Sugar and related products	17.6	17.7	16.8	13.8	19.3	18.8	14.3	15.7	19.1	32.4	12.7	8.2	22.3	Viet
Fibres and manufactures	4.4	4.6	5.8	6.5	4.8	6.5	6.5	6.8	9.2	6.5	6.0	6.4	5.8	COT
Minerals and metals	3.6	4.3	6.3	6.6	6.1	7.0	8.9	6.2	7.1	8.2	7.7	5.6	5.6	Indi
Logs, lumber and timber	5.9	6.9	8.1	7.5	11.6	13.4	16.6	13.5	14.0	18.7	13.0	14.4	14.2	Iran
SARAWAK (Malayan dollar)														
Pepper	3.64	2.64	2.05	1.44	1.26	1.51	2.07	...	1.17	1.17	1.67	...	...	Pak
Rubber	2.87	6.64	5.86	6.20	5.11	8.04	9.88	...	10.81	13.97	10.18	...	...	COT
Timber, sawn and logs	1.16	1.83	1.59	1.63	1.63	2.59	3.06	...	3.63	3.70	3.38	...	...	Fed
Mineral fuels, lubricants and related materials	24.46	26.74	28.85	30.51	27.83	28.26	27.30	...	25.52	23.32	22.19	...	...	Hon
SINGAPORE (Malayan dollar)^a														
Rubber	66.2	115.9	102.0	95.5	85.8	125.3	134.6	147.7	130.4	131.0	109.8	...	...	Jap
Mineral fuels	29.4	31.2	36.2	36.9	30.2	28.6	27.0	25.7	26.3	26.0	25.8	...	...	Indi
Vegetable oils	4.5	3.9	3.9	4.7	3.6	3.3	3.5	4.0	3.5	4.4	3.3	...	...	Jap
Tin metal	16.3	16.9	11.6	11.1	4.0	0.4	0.2	0.1	0.4	0.2	0.4	...	...	JUTE
THAILAND (baht)^a														
Rice	257.2	261.1	238.4	301.9	246.0	215.9	182.6	214.6	219.5	221.7	232.3	132.4	188.2	Pak
Natural rubber	92.4	150.2	127.2	117.2	110.6	194.7	221.7	211.8	267.8	206.1	195.4	192.6	183.9	Indi
Teak	17.6	22.0	25.5	21.8	19.9	20.4	20.3	26.9	28.7	35.3	31.0	23.8	24.0	HEMP
Tin ore and concentrates	31.1	36.7	42.3	44.3	21.2	36.2	51.5	43.6	47.4	39.9	47.3	26.1	44.6	Phil
VIET-NAM (piastre)^a														
Rice and products	64.2	26.2	1.1	59.3	40.6	69.2	100.1	73.9	76.3	114.3	86.3	40.7	49.3	TIN C
Natural rubber	68.7	122.7	107.0	140.8	103.5	136.8	143.3	220.1	108.5	126.1	194.1	151.1	102.1	Bur

GENERAL NOTE: See table 6.

a. Including trade with Singapore.

b. Figures for 1954 to 1956, reclassified by ECAFE Secretariat, may not conform exactly to the new classification from 1957.

c. Figures prior to 1956, relating to private account only. From 1956 onwards, figures including government account.

d. Excluding trade with the Federation of Malaya.

e. Baht value is obtained by converting foreign currencies at free market buying rate.

f. See footnote j table 17.

23. QUANTITY OF EXPORTS OF MAJOR COMMODITIES **EXTERNAL TRADE**
Monthly averages or calendar months *Thousand tons*

	1954	1955	1956	1957	1958	1959	1959		1960				
							III	IV	I	II	III	Oct	Nov
RICE													
Burma	129.6	141.5	162.1	155.7	127.7	150.4	192.9	154.4	209.9	205.4	126.1	82.3	...
Cambodia	24.7	8.4	5.8	19.2	21.2	20.2	17.9	20.9	31.7	26.1	44.8	29.3	22.7
China (Taiwan)	3.0	14.2	9.1	10.1	14.9	13.3	—	17.1	0.8	9.2	—	—	...
Thailand	83.5	102.6	105.1	130.8	88.8	81.5	79.2	100.6	100.7	106.9	111.0	62.3	78.0
Viet-Nam ^a	14.6	6.8	0.4	15.7	9.8	20.8	30.3	22.9	24.2	41.3	36.8	15.0	19.9
SUGAR													
China (Taiwan)	43.5	48.8	50.0	62.4	68.1	61.2	25.6	40.3	91.1	86.4	35.4	47.2	...
India	...	...	...	16.4	7.0	4.1	2.6	0.9	1.3	0.9	1.8	0.7	7.8
Indonesia	17.7	14.7	14.1	12.2	7.4	3.3	1.4	11.8	2.1	2.5	5.0	1.0	...
Philippines	72.4	77.2	74.4	59.1	80.8	77.8	56.9	67.4	94.1	128.4	50.6	40.2	86.5
TEA													
Ceylon	13.6	13.6	13.2	13.3	14.3	15.0	15.1	16.1	15.6	15.5	16.7	16.1	13.7
China (Taiwan)	1.3	0.6	0.9	1.0	1.0	1.2	0.8	2.2	1.0	0.9	1.0	1.2	...
India	16.8	13.6	19.5	16.5	18.9	17.7	21.7	26.6	13.0	7.0	17.7	24.3	29.2
Indonesia	3.4	2.4	2.9	3.0	2.9	2.5	2.1	2.5	2.8	2.9	3.0	3.1	...
Japan	1.4	1.2	0.9	0.9	0.6	0.7	0.9	0.7	0.7	0.8	0.7	0.7	1.4
Pakistan	0.8	0.4	0.8	0.3	0.4	0.5	0.6	1.2	0.5	—	—	...	...
HIDES & SKINS													
India (tons)	1,220†	1,174	1,048	1,093	1,003	1,087	1,032	1,093	1,079	918	823	1,174	487
Pakistan (thousand pieces)	811	749	878	856	887	979	963	1,152	939	1,226	111	...	...
COPRA^b & COCONUT OIL													
Ceylon	8.3	11.8	10.3	6.4	5.2	8.2	7.1	8.5	4.3	5.2	7.7	10.7	6.1
Federation of Malaya ^{a,d} (coconut oil)	3.7	4.8	6.0	4.7	3.4	1.8	2.1	2.1	1.3	1.4	1.7	1.4	3.5
Indonesia (copra)	15.8	12.5	13.8	15.4	6.2	7.0	2.1	14.0	9.8	5.7	6.4	10.2	...
N. Borneo	1.4	1.9	3.2	3.4	3.7	3.2	3.8	3.6	3.3	4.8	5.0	...	...
Philippines	45.5	48.4	58.8	57.6	50.0	41.1	54.1	54.6	40.0	49.4	61.1	53.6	40.6
Singapore (coconut oil) ^e	3.0	2.9	2.7	3.7	2.3	1.4	1.5	2.1	1.4	2.0	1.1	1.3	1.9
PALM OIL													
Federation of Malaya ^{a,d}	2.2	2.2	2.2	2.9	3.8	3.9	4.5	3.5	5.1	2.6	6.4	4.5	6.1
Indonesia	11.7	10.5	10.4	10.8	11.0	8.6	8.2	11.4	7.0	8.6	10.6	11.7	...
Singapore ^e	2.1	2.3	2.4	1.9	1.9	2.0	1.9	1.8	2.5	2.8	3.1	3.1	2.0
GROUND NUTS^b & OIL													
India	2.5	14.8	2.8	0.4	0.6	4.7	1.1	8.9	2.5	2.1	1.0	0.1	1.0
NATURAL RUBBER													
Brunei	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.1
Burma	1.0	1.0	1.0	1.1	0.9	1.0	1.0	0.8	1.0	1.0	1.0	1.0	1.0
Cambodia	2.0	2.2	2.4	2.6	2.8	2.8	3.4	3.5	2.9	1.9	3.3	3.6	4.8
Ceylon	7.6	8.2	7.3	8.0	7.7	7.8	6.9	7.6	13.3	6.9	5.8	11.8	5.5
Federation of Malaya ^{a,d}	35.3	37.9	36.8	38.9	39.0	43.3	45.7	43.3	41.8	37.3	39.5	40.6	45.1
Indonesia	61.7	61.1	56.6	56.4	50.5	60.0	57.1	69.3	48.4	50.4	43.6	53.4	34.7
N. Borneo	1.4	1.7	1.7	1.7	1.7	1.9	1.9	2.2	1.9	1.8	1.8	1.9	1.6
Sarawak	1.9	3.3	3.5	3.5	3.3	3.7	4.6	4.0	4.3	5.3	4.4	2.7	2.6
Singapore ^e	13.1	15.6	15.7	16.1	17.2	19.3	20.7	19.5	11.2	16.6	15.6	8.1	20.4
Thailand	9.9	11.0	11.3	11.3	11.6	14.4	15.7	13.9	16.1	12.3	12.9	14.4	14.5
Viet-Nam, Republic of	4.6	5.2	5.3	6.1	5.7	6.1	7.6	6.6	6.2	4.3	7.7	6.9	5.0
COTTON, RAW													
India	2.3	7.9	5.9	3.4	6.1	4.9	5.7	2.9	3.5	3.0	1.5	0.4	0.8
Iran ^f	3.0	3.7	3.2	3.3	3.6	3.4	1.2	...	...	...	...	...	...
Pakistan	11.8	14.0	10.9	9.6	8.1	4.5	3.7	2.2	8.5	12.5	6.4	1.9	...
COTTON YARN (tons)													
Fed. of Malaya and Singapore ^d	54	9	44	11	43	158	349	238	211	295	186	...	...
Hong Kong	1,172	1,228	1,183	1,262	1,166	1,118	1,320	941	1,029	1,293	1,332	1,602	1,188
Japan	1,117	991	1,032	1,217	936	917	913	906	2,296	2,886	2,791	6,495	5,151
COTTON PIECE GOODS (million sq. metres)													
Fed. of Malaya and Singapore ^d	2.7	5.0	4.5	4.5	4.2	3.2	2.6	2.8	3.0	3.1	2.7	...	...
Hong Kong	11.3	11.5	9.8	13.7	15.4	16.4	16.7	16.9	14.9	19.2	22.8	23.4	23.3
India (million metres)	65.6	56.9	56.7	67.1	47.4	64.6	68.6	92.5	59.3	52.8	52.8	51.1	54.2
Japan	89.0	79.3	87.9	102.3	86.8	88.0	87.4	101.2	84.2	83.4	100.3	118.5	110.5
JUTE													
Pakistan (raw)	74.3	81.8	71.5	65.4	75.5	67.4	54.0	96.8	79.8	60.6	41.4	82.8	...
India (bag and cloth)	67.8	79.6	67.9	65.9	67.2	73.2	83.4	80.9	57.3	71.2	76.7	63.8	73.0
HEMP, RAW													
Philippines	8.2	9.3	10.2	9.8	8.4	8.1	7.6	7.6	10.2	7.4	7.6	8.8	8.1
TIN CONCENTRATES (tons)													
Burma	52	79	71	72	112	117	146	152	118	88	135	111	189
Federation of Malaya ^d	...	...	...	5,049	2,796	3,118	3,194	3,862	4,487	4,922	4,805	5,459	5,243
Indonesia	2,874	2,689	2,638	2,318	1,553	1,560	1,565	1,917	2,267	2,002	2,325	...	...
Thailand	806	935	1,052	1,130	548	854	1,195	1,018	1,125	1,002	1,103	645	1,027
TIN METAL (tons)													
Federation of Malaya ^{a,d}	3,134	3,204	4,399	4,252	3,212	3,727	3,678	4,456	5,645	5,284	7,275	6,947	7,408
Singapore ^e	2,816	2,821	1,806	1,763	667	49	23	16	59	34	98	129	83
PETROLEUM & PRODUCTS													
Brunei (crude oil only)	398	433	469	455	421	448	459	437	403	381	372	...	...
Fed. of Malaya and Singapore ^d	235	268	239	206	172	183	183	195	178	190	180	...	...
Indonesia	827	808	877	1,301	1,122	881	762	411	1,246	1,099	776	1,412	...

a. Beginning June 1955, Republic of Viet-Nam only.

b. In terms of oil equivalent.

c. Net exports.

d. Excluding trade between Singapore and Federation of Malaya.

e. Excluding Federation of Malaya rubber transhipped at Singapore.

f. Annual data: 12 months ending 21 July of year stated.

g. Deliveries from mines in the Federation of Malaya to smelters in Singapore, Penang and Butterworth.

EXTERNAL TRADE

24. INDEX NUMBERS OF QUANTUM, UNIT VALUE AND TERMS OF TRADE
1953=100*

	1952	1954	1955	1956	1957	1958	1959	1959		1960					
								III	IV	I	II	III	Oct	Nov	
A. Quantum															
BURMA															
Imports	104	122	104	88	132	82	127	111	137	...	...	...	...	...
Exports	115	132	146	165	153	118	152	194	150	...	...	...	...	...
CEYLON															
Imports: General	96	99	97	106	112	113	125	150	132	118	107	142	121	108	
Exports: General	97	103	109	104	99	107	105	111	111	113	104	116	128	95	
Imports (Central Bank index)	99	93	96	105	111	112	126	154	132	123	108	140	120	107	
Consumer goods	98	89	95	106	107	115	122	157	130	123	101	142	111	105	
Capital goods	104	103	104	102	125	102	139	151	140	128	134	134	155	121	
Exports (Central Bank index)	97	103	109	102	100	106	104	107	110	120	103	111	128	91	
CHINA (Taiwan)															
Imports (ordinary and ICA)	81	105	98	94	102	113	125	156	116	106	162	...	...	...
Exports	67	69	86	83	97	118	111	56	102	121	130	...	...	...
FEDERATION OF MALAYA and SINGAPORE ¹															
Imports	116	107	128	140	139	139	139	137	148	145	138	140	...	...
Exports	109	110	118	127	130	130	130	135	137	128	124	134	...	...
INDIA ²															
Imports	108	118	125	147	168	151	159	153	154	148	176	166	...	...
Exports	100	105	115	110	119	108	119	130	144	106	101	105	...	...
JAPAN ³															
Imports: General	74	104	109	138	172	142	179	178	193	218	218	230	215	228	
Exports: General	92	133	174	208	232	240	285	289	334	286	308	332	337	355	
PHILIPPINES															
Imports*	90	111	125	115	137	121	106	106	122	108	121	112	124	110	
Exports	107	111	121	135	127	140	139	158	140	135	177	142	131	131	
THAILAND															
Imports	82	103	110	113	121	118	128	128	141	140	130	131	124	...	
Exports	102	96	113	119	131	109	121	121	136	139	123	121	122	...	
VIET-NAM ⁴															
Imports	103	113	90	77	95	82	85	85	99	86	84	80	93	...	
Exports	123	113	132	85	155	122	164	197	221	147	201	262	186	...	
B. Unit Value															
BURMA															
Imports	115	93	89	82	91	88	85	90	85	...	...	...	...	...
Exports	94	77	62	62	60	62	57	56	54	...	...	...	...	...
CEYLON															
Imports: General	110	88	89	99	92	83	91	89	86	88	94	87	88	89	
Exports: General	98	112	117	109	104	102	107	105	112	111	110	103	106	104	
Imports (Central Bank index)	108	92	86	90	95	87	86	88	87	88	87	88	87	89	
Consumer goods	107	91	84	85	89	81	83	86	87	84	83	84	83	85	
Capital goods	113	95	97	107	114	105	98	98	99	101	101	100	102	100	
Exports (Central Bank index)	98	111	116	109	104	102	107	106	112	112	111	103	107	105	
CHINA (Taiwan)															
Imports (ordinary and ICA)	111	108	111	106	110	106	99	97	95	106	97	...	...	...
Exports	113	105	110	105	116	100	90	85	93	82	88	...	...	...
FEDERATION OF MALAYA and SINGAPORE ¹															
Imports	108	90	92	91	96	91	93	96	97	102	103	99	...	...
Exports	125	94	120	110	105	95	115	119	126	135	135	124	...	...
INDIA ²															
Imports	109	97	95	99	107	100	98	88	95	98	99	97	...	...
Exports	109	107	98	102	102	101	99	100	101	108	109	112	...	...
INDONESIA															
Imports	110	91	91	89	88	96	83	78	89	94	...	...	...	...
Exports	113	96	110	103	99	89	88	110	120	101	...	...	...	...
JAPAN ³															
Imports	114	96	94	87	103	89	83	84	82	86	85	82	82	80	
Exports	108	96	91	94	97	94	95	96	97	97	98	99	99	97	
KOREA, ⁵ Republic of (1957=100)															
Imports	...	...	...	...	100	92	86	85	85	85	85	82	81	81
Exports	...	...	...	...	100	82	90	92	96	104	103	105	105	105
PAKISTAN ⁵															
Imports	102	98	105	112	124	134	129	130	130	132	135	...	...	...
Exports	142	107	104	98	105	97	90	87	91	90	101	...	...	...
PHILIPPINES															
Imports*	105	96	96	97	100	102	104	108	105	105	106	106	114	108	
Exports	82	89	81	83	84	87	94	93	97	99	95	90	87	92	
THAILAND															
Imports	97	105	106	106	109	105	104	105	105	105	105	107	106	...	
Exports	102	111	109	100	99	102	108	109	107	112	112	114	111	...	
VIET-NAM ⁴															
Imports	81	101	95	90	99	93	86	85	88	89	91	90	85	...	
Exports	88	94	99	92	97	85	85	84	91	87	82	80	80	...	

EXTERNAL TRADE

24. INDEX NUMBERS OF QUANTUM, UNIT VALUE AND TERMS OF TRADE (Cont'd)

1953=100*

	1952	1954	1955	1956	1957	1958	1959	1959		1960				
								III	IV	I	II	III	Oct	Nov
C. Terms of trade														
Percentage of unit value index of exports to unit value index of imports														
BURMA	82	83	70	76	66	63	67	83	64	...	...	...	...	...
CEYLON	89	127	132	110	109	123	118	118	130	126	117	119	121	117
Ceylon (Central Bank index)	90	121	134	121	110	117	123	120	129	127	127	117	122	118
CHINA (Taiwan)	102	97	99	99	105	94	90	87	98	77	91	...	...	...
FEDERATION OF MALAYA and SINGAPORE	116	104	130	121	109	104	124	124	130	133	132	126	...	...
INDIA†	100	110	103	103 ^b	95	101	101	113	107	111	111	115	...	...
INDONESIA	103	106	120	116	112	93	106	142	136	108	...	...	...	...
JAPAN	94	100	96	97	94	106	114	114	118	113	115	121	121	122
KOREA, Republic of	...	...	...	...	100	90	105	108	114	122	121	128	130	131
PAKISTAN	139	109	99	88	85	72	70	67	70	68	75	...	...	...
PHILIPPINES	78	93	85	85	84	85	90	86	92	94	90	84	276	85
THAILAND	106	106	103	95	91	97	104	104	102	106	107	107	104	...
VIET-NAM	109	93	104	102	98	91	99	99	104	97	91	89	95	...

a. Original base: Burma, Apr 1936-Mar 1941 for the period prior to 1953, 1952 since 1953; China: Taiwan, 1952; Ceylon, 1948; Federation of Malaya and Singapore, 1938 for period prior to 1953, 1952 since 1953; India, Apr 1952/Mar 1953 prior to 1960, 1958 since 1960; Indonesia, 1950; Japan, 1950; Republic of Korea, 1957; Pakistan, Apr 1946/Mar 1949; Philippines, 1955; Thailand, 1953; Viet-Nam, 1949.

b. All trade indexes since 1950 except the annual import price index have been computed on a fixed base (1948) weights method. The annual import price index has been computed by using moving current weights.

c. Figures from 1953, though linked to previous figures, have different treatment in imports and exports of petroleum products.

d. Indexes compiled by Ministry of Finance.

e. Based on f.o.b. import prices.

f. See footnote j to table 17.

g. Index in terms of U.S. dollars.

h. Imports excluding land trade. Index in terms of U.S. dollars.

i. Calendar year from 1956.

25. BALANCE OF PAYMENTS

	1957	1958	1959	First half			1957	1958	1959	First half	
				1959	1960					1959	1960
AFGHANISTAN* (million Afghani)						BURMA (million kyats)					
Goods and services . . .	66.2	-868.5	...	...	...	Goods and services . . .	-536	- 52	- 48	-103	75
Exports, mainly c.i.f. . .	1,984.5	1,722.7	...	...	...	Exports, f.o.b.	1,154	934	1,118	375	670
Imports, mainly c.i.f. . .	-1,966.3	-2,532.8	...	...	...	Imports, mainly c.i.f. . .	-1,555	-834	-994	-377	-528
Transportation and insurance	- 3.2	- 28.7	...	...	...	Transportation and insurance	- 4	2	- 3	- 3	- 10
Investment income . . .	- 31.5	- 42.6	...	...	...	Government, n.i.e. . . .	-108	-121	-139	- 72	- 30
Other	82.7	12.9	...	...	...	Other	- 22	- 33	- 29	- 26	- 27
Donations, private and official	126.0	94.2	...	...	...	Private donations	- 25	- 16	- 13	- 7	- 7
Private capital	-	- 0.3	...	...	...	Private capital	3	6	17	2	2
Official and bank capital						Official donations	181	133	97	50	44
Long-term capital:						Official and bank capital	400	- 83	- 37	- 37	-144
Official loans	571.4	657.0	...	...	...	Long-term capital:					
Amortization	- 64.7	-105.9	...	...	...	Drawings on loans . .	114	84	61	21	74
Short-term capital:						Other	- 3	- 3	- 14	- 3	- 31
Payment & clearing agreements	-190.1	10.4	...	...	...	Short-term capital:					
Other liabilities . . .	0.6	0.3	...	...	...	Net IMF position . . .	-	- 14	- 19	-	-
Foreign exchange holdings	- 68.2	-136.8	...	...	...	Other liabilities . . .	95	- 8	88	44	- 45
Monetary gold	-13.1	-	...	...	...	Union Bank assets . .	153	- 99	- 77	- 97	- 77
Net errors and omissions	-427.9	349.0	...	...	...	Commercial bank assets	53	- 22	12	8	- 10
						Government assets . .	- 20	- 16	- 36	- 18	- 33
						State Agricultural Marketing Board's accounts receivable	8	- 5	- 52	7	- 22
						Monetary gold	-	-	-	-	-
						Net errors and omissions	- 23	12	- 17	96	30
CEYLON (million rupees)						CHINA: Taiwan (million U.S. dollars)					
Goods and services . . .	-156	-130	-194	- 52	- 83	Goods and services . . .	-96.3	-124.9	-123.0	-48.6	-54.2
Exports, f.o.b.	1,669	1,624	1,773	895 ^c	913 ^c	Exports, f.o.b.	148.3	155.8	156.9	93.7	86.4
Imports, c.i.f.	-1,764	-1,713	-1,956	-887 ^{c,d}	-933 ^{c,d}	Imports, mainly c.i.f. . .	-244.7	-273.5	-264.0	-132.0	-133.8
Transportation and insurance	44	76	73	-13 ^e	-15 ^e	Government, n.i.e. . . .	-1.2	-4.7	-9.8	-6.3	-2.9
Investment income . . .	-53	-41	-37	-17	-20	Other	1.3	2.5	6.1	4.0	3.9
Other	52	-76	-47	-30	-28	Private donations	0.1	14.4	9.8	6.9	3.1
Private donations	-66	-78	-56	-33	-22	Private capital	9.1	35.9	13.5	-0.9	10.4
Private capital	-38	-4	2	23	13	Official donations	58.3	48.2	39.1	38.0	38.0
Official donations	27	55	44	- ^a	2 ^d	Official and bank capital	29.7	20.2	60.1	4.5	2.3
Official and bank capital	233	173	204	76	84	Long-term capital:					
Long-term capital:						Official loans					
Portfolio securities . .	-45	23	48	-6	-17	received	38.3	41.6	42.9	11.2	9.4
Net loan repayment by U.K.	22	-	10	-	-	Other	-3.5	-6.1	0.2	-0.5	-0.6
IBRD loans	23	14	4	1	3	Short-term capital:					
Other	-9	2	38	38	7	Payment agreements	13.2	-0.7	-0.6	-18.2	-9.8
Short-term capital:						Other liabilities	0.3	7.0	7.8	-0.1	-7.9
Net IMF position . . .	-10	-	-36	-	-	Banks' deposits					
Other liabilities . . .	3	22	24	2	6	abroad	-20.3	-17.4	4.3	10.4	11.3
Foreign assets:						Other foreign assets . .	2.6	2.9	3.5	-0.3	-0.1
Government & Central Bank	194	116	103	36	87	Monetary gold	-0.9	-1.3	2.0	2.0	-
Commercial banks . . .	55	-4	13	5	-2	Net errors and omissions	-0.9	6.2	0.5	0.1	0.4
Monetary gold	-	-	-	-	-						
Net errors and omissions	-	-16	-	-14	6						

EXTERNAL TRADE

25. BALANCE OF PAYMENTS (Cont'd)

	1957	1958	1959	First half			1957	1958	1959	First half	
				1959	1960					1959	1960
FEDERATION OF MALAYA AND SINGAPORE^a (million Malayan dollars)						INDIA (million rupees)					
Goods and services . . .	-19	-147	464	...	...	Goods and services . . .	-4,906	-4,444	-2,463	-1,763	-2,081
Exports, f.o.b. . . .	3,978	3,562	4,240	...	...	Exports, f.o.b. . . .	6,866	5,643	6,276	2,968	3,090
Imports, c.i.f. . . .	-4,408	-4,094	-4,124	...	...	Imports, c.i.f. . . .	-12,499	-10,568	-9,375	-5,088	-5,403
Transportation and insurance . . .	271	239	234	...	...	Transportation and insurance . . .	330	319	277	157	114
Investment income . . .	-146	-93	-114	...	...	Investment income . . .	-70	-152	-190	-67	-135
Other	286	239	228	...	...	Government, n.i.e. . .	142	189	456	232	256
Private donations . . .	-283	-288	-270	...	...	Other	225	125	93	35	3
Private capital	56	51	56	...	...	Private donations . . .	595	487	457	235	193
Official donations . . .	29	35	40	...	...	Private capital	-19	-225	-56	-106	-26
Official and bank capital	103	-83	-232	...	...	Official donations . . .	233	267	289	114	207
Long-term capital:						Official and bank capital	4,226	4,130	2,125	1,760	1,736
Loan from Brunei . .	-	-	40	...	...	Long-term capital:					
Other	-1	10	9	...	...	US loans	98	249	502	107	520
Short-term capital:						IBRD loans	497	732	456	367	259
Net IMF position . .	-	-3	-2	...	...	Other	-709	1,222	1,067	625	172
Other	104	-70	-279	...	...	Short-term capital:					
Monetary gold . . . .	-	-	-	...	...	Net IMF position . .	953	21	-216	10	-345
Net errors and omissions	114	432	-58	...	...	Other liabilities . .	1,079	711	735	716	557
						Other foreign assets ^c	2,307	1,195	-419	-65	573
						Net errors and omissions	-129	-215	-352	-240	-29
INDONESIA (million U.S. dollars)						IRAN^a (million U.S. dollars)					
Goods and services . . .	-85	-65	17	-25	-13	Transactions of Oil Sector	228.4	317.0	309.0	...	...
Exports, f.o.b. . . .	848	647	823	377	458	National Iranian Oil Co.					
Imports, c.i.f. . . .	-725	-541	-562 ^a	-285	-357 ^a	Exports, f.o.b. . . .	6.8	4.8	0.4	...	...
Transportation and insurance . . .	-10	-17	-62	-27	-28	Imports, c.i.f. . . .	-21.4	-17.7	-13.0	...	...
Investment income . . .	-85	-68	-87	-44	-38	Services	-5.6	-7.4	-7.0	...	...
Other	-105	-86	-95	-46	-48	Foreign assets	-0.4	0.2	0.1	...	...
Private donations . . .	-	-	-	-	-	Oil Consortium					
Private capital	3	5	1	-23	23	Exports, f.o.b. . . .	505.6	574.9	625.3	...	...
Official donations . . .	12	189 ^b	17	4	23	Imports, c.i.f. . . .	-63.8	-65.1	-43.1	...	...
Official and bank capital	67	-120	-26	28	-21	Direct investment income	-207.8	-244.9	-258.7	...	...
Long-term capital:						Direct investment capital and net errors and omissions . . .	22.0	54.2	12.0	...	...
Loans received . . .	-3	58	117	41	156	Nationalization settlement	-7.0	-7.0	-7.0	...	...
Other	-5	-72 ^c	-	-4	-	Pan American Petroleum Corporation payment . . .	-	25.0	-	...	...
Short-term capital:						Other Goods and Services	-292.3	-419.9	-410.7	...	...
Net IMF position . .	-	-	-23	-	-9	Exports, f.o.b. . . .	132.6	127.1	128.0	...	...
Bank Indonesia liabilities . . .	-2	-144 ^b	-6	-11	-11	Imports, c.i.f. . . .	-380.0	-505.6	-499.9	...	...
Other liabilities . . .	46	8	15	-	-79	Non-monetary gold . .	-8.6	-10.9	-8.5	...	...
Bank Indonesia foreign exchange .	24	5	-88	25	-70	Services	-36.3	-30.5	-30.3	...	...
Commercial bank assets	1	24	-45	-20	-4	Private Donations . . .	0.4	0.4	0.5	...	...
Monetary gold	6	1	4	-3	-4	Other Private Capital . .	0.1	0.8	3.1	...	...
Net errors and omissions	3	-9	-9	-7	-12	Official Donations . . .	27.3	19.9	15.6	...	...
						Official and Bank Capital	30.8	82.7	77.2	...	...
						Long-term capital . . .	74.3	46.3	41.2	...	...
						Short-term capital:					
						Net IMF position . .	-	8.4	20.6	...	...
						Payments agreements .	0.6	2.8	2.4	...	...
						Other liabilities . . .	7.0	1.4	6.8	...	...
						Other foreign assets .	-51.3	42.6	56.4	...	...
						Monetary gold	-	2.0	9.4	...	...
						Net errors and omissions	5.5	-0.7	5.3	...	...
JAPAN (thousand million yen)						KOREA, Republic of (million U.S. dollars)					
Goods and services . . .	-212.5	185.4	138.3	13.6	-41.4	Goods and services . . .	-387.5	-311.3	-227.3	-126.4	-160.4
Exports, f.o.b. ^d	1,027.4	1,033.5	1,228.8	548.7	659.7	Exports, f.o.b. . . .	19.4	17.1	19.7	9.9	12.9
Imports, f.o.b. . . .	-1,172.3	-900.5	-1,098.8	-537.3	-676.3	Imports, f.o.b. . . .	-390.4	-343.7	-273.4	-144.3	-171.5
Transportation and insurance . . .	-186.7	-63.3	-69.8	-35.0	-54.0	Transportation and insurance . . .	-49.3	-32.8	-27.9	-14.6	-21.6
Government, n.i.e. ^d . .	167.7	145.0	131.5	63.1	63.0	Government, n.i.e. . .	33.8	49.9	56.0	24.8	19.5
Other	-48.6	-49.3	-53.4	-25.9	-33.8	Other	1.0	1.8	1.7	-2.2	0.3
Private donations . . .	12.8	14.2	17.1	7.8	9.0	Private donations . . .	29.1	26.4	17.2	8.4	8.3
Private capital	23.3	13.0	29.6	-	-20.2	Private capital	2.9	7.0	...	...	...
Official donations . . .	-23.5	-94.4	-25.3	-10.6	-9.3	Official donations . . .	355.8	322.6	226.6	119.8	135.6
Reparations	-27.3	-23.1	-25.2	-10.5	-9.2	Official and bank capital	9.4	-45.2	-16.8	-2.1	18.5
Other	3.8	61.3 ^a	-0.1	-0.1	-0.1	Long-term capital . . .	-	-	-	-	2.2
Official and bank capital	198.2	-133.9	-121.1	-31.2	50.9	Short-term capital:					
Long-term capital . . .	11.6	20.2	20.7	19.4	12.4	Net IMF position . .	-	-	-1.6	-	-
Short-term capital:						Payments agreement					
Net IMF position . .	45.0	-45.0	-22.5	-	-	Liabilities to Japan .	0.7	-0.8	-1.8	-0.6	-0.1
Payments agreements .	-13.2	59.4	2.7	8.1	3.6	Hwan liabilities . . .	25.8	6.4	9.7	2.7	1.4
Other foreign liabilities of monetary authorities . . .	-2.7	-18.0	-17.0	-17.1	-4.9	U.S. dollar balances .	-17.3	-30.6	-0.1	0.3	8.1
Other banks' foreign liabilities	-14.4	-10.9	77.8	57.0	87.0	Other foreign assets .	0.3	7.2	-3.5	-4.4	7.0
Other foreign assets of monetary authorities . . .	157.6	-112.4	-96.4	-43.5	-47.7	Monetary gold	-0.1	-0.2	-0.1	-0.1	-0.1
Other banks' foreign assets	14.5	-16.3	-43.1	-11.9	-0.6	Net errors and omissions	-3.9	0.5	0.3	0.3	-2.0
Monetary gold	-0.2	-10.9	-43.3	-43.2	-0.1						
Net errors and omissions	1.7	25.7	20.6	20.4	11.0						

EXTERNAL TRADE

25. BALANCE OF PAYMENTS (Cont'd)

	1957	1958	1959	First half			1957	1958	1959	First half	
				1959	1960					1959	1960
PAKISTAN (million rupees)						PHILIPPINES (million pesos)					
Goods and services . . .	-770	-973	-497	-240	-572	Goods and services . . .	-424	-206	25	109	26
Exports, f.o.b. . . .	1,708	1,392	1,587	728	932	Exports, f.o.b. . . .	864	966	1,062	535	609
Imports, private f.o.b. . .	-811	-807	-715	-319	-1,488	Imports, f.o.b. . . .	-1,233	-1,155	-1,022	-454	-545
Transportation and insurance	-90	-85	-88	-29	-72	Transportation and insurance	-162	-136	-98	-44	-55
Government, n.i.e. . . .	-1,502 ^m	-1,461 ^m	-1,284	-628 ^m	47 ^a	Investment income . . .	-128	-107	-129	-27 ^p	-79
Other	-75	-13	4	7	10	Government, n.i.e. . .	206	184	166	84	78
Private donations	5	-6	10	10	-3	Other	29	42	46	15	18
Private capital	29	-3	10	-3	-2	Private donations . . .	13	35	34	9	15
Official donations	261	473	469	231	336	Private capital	96	40	48	-14 ^p	75
Official and bank capital	469	534	-2	-6	194	Official donations . . .	109	77	68	28	20
Long-term capital:						Official and bank capital	253	40	-58	-66	-80
Loans received	249	189	448	353	250	Long-term capital . . .	-56	31	76	5	-1
Official repayments . . .	-139	-56	-58	-21	-42	Short-term capital:					
U.K. securities	-16	254	-307	-227	-42	Net IMF position . . .	-	-	-30	-10	-6
Short-term capital:						Other liabilities . . .	86	2	-70	-78	-17
Net IMF position	-	-	-	-	-60	Other foreign assets . .	191	15	-36	17	-43
Liabilities	157	133	-31	-115	52	Monetary gold	32	-8	2	-	-13
State Bank (Issue Dept.) assets	276	-28	-110	-39	289	Net errors and omissions	-47	14	-117	-66	-56
Advance payments to US Government . . .	-30	34	-	-	-						
State Bank (Banking Dept.), Commercial banks and other institutions' assets and valuation correction ^g	-28	12	62	45	-244						
Monetary gold	-	-4	-6	-3	-10						
Net errors and omissions	5	-25	10	9	47						
THAILAND (million US dollars)						VIET-NAM, Republic of (million piastres)					
Goods and services . . .	36.3	78.7	60.0	28.8	19.6	Goods and services . . .	6,422	5,184	5,931	...	...
Exports, f.o.b.	390.1	307.0	358.1	167.3	200.8	Exports, f.o.b.	3,119	2,009	2,165	...	...
Imports, c.i.f.	404.7	385.5	417.5	196.1	223.6	Imports, c.i.f.	8,570	6,379	7,610	...	...
Non-monetary gold . . .	5.1	1.1	-	-	0.1	Services	971	814	486	...	...
Government, n.i.e. . . .	5.8	9.1	9.3	3.5	3.5	Private donations . . .	725	405	481	...	...
Other	22.4	8.2	9.9	3.5	0.2	Private capital	109	20	21	...	...
Private donations	9.3	1.3	3.1	1.7	1.1	Official donations . . .	5,324	5,648	5,920	...	...
Private capital	2.6	4.7	6.4	3.2	2.2	ICA direct grants . . .	4,259	4,356	5,781	...	...
Official donations	35.0	25.3	39.9	20.2	21.3	US indirect grants . . .	927	992	94	...	...
Official and bank capital	13.0	28.4	2.7	0.5	18.6	Other	138	300	45	...	...
Long-term capital:						Official and bank capital	199	-651	-495	...	...
Loans received	28.2	14.9	23.1	9.7	15.6	Long-term capital:					
Official repayments . . .	6.3	4.4	13.4	8.4	8.9	ICA loans	119	667	89	...	...
Other	1.8	1.1	2.8	0.4	1.5	Other long-term assets	-	-	-2	...	...
Short-term capital:						Short-term capital:					
Net IMF position	-	-	8.1	-	-	Net IMF position . . .	-	-	-18	...	...
Liabilities	1.8	3.2	9.2	6.8	5.1	Piastre liabilities to US Government	552	-143	293	...	...
Sterling balances . . .	1.3	7.0	9.4	4.4	0.7	Commercial banks . . .	-275	-26	-20	...	...
U.S. dollar balances . .	9.6	21.4	1.2	1.9	19.9	National bank foreign assets	-196	-991	-836	...	...
Other foreign assets . . .	0.6	1.4	2.8	1.7	0.5	Monetary gold	-1	-158	9	...	...
Monetary gold	-	-	8.1	-	-	Net errors and omissions	65	-198	4	...	...
Net errors and omissions	5.0	21.6	7.9	3.2	13.6						

GENERAL NOTES: (1) No sign indicates credit, minus sign indicates debit. For foreign balances or foreign assets under short-term official and bank capital, no sign indicates decrease, minus sign indicates increase. (2) Statistics on goods and services, merchandise imports and exports are on a net basis.

a. Year beginning about 22 March.

b. Figures based on exchange control record.

c. Partly f.o.b. and partly c.i.f.

d. Official grants in kind are omitted.

e. Data cover transactions of the Federation of Malaya and of Singapore with the rest of the world but exclude trade between the two areas.

f. Includes Reserve Bank's holdings of long-term securities.

g. F.o.b.

h. The cancellation of trade debts owed to Japan (177 million US dollars) is included as a credit in official donations; that part of the debt that was consolidated in 1952 (60 million US dollars) is entered as a decrease in long-term liabilities and the remainder as a decrease in short-term liabilities.

i. Years beginning 21 March.

j. Goods purchased by UN forces under the special procurement programme are included in "Government, n.i.e."

k. Including waiver of trade claims on Indonesia (63.7 thousand million yen).

m. Includes government imports.

n. Government imports are included with private imports.

p. Reinvested earnings from foreign direct investment are omitted.

PRICES

26. INDEX NUMBERS OF WHOLESALE PRICES
1953=100*

	1954	1955	1956	1957	1958	1959	1959		1960					
							III	IV	I	II	III	Oct	Nov	
BURMA														
All agricultural produce	100	96	99	114	112	103	105	111	106	110	...	...	...
Cereals	101	107	103	103	102	110	115	124	107	111	...	...	...
Non-food agricultural produce	114	107	103	124	137	121	112	115	121	118	...	...	...
CHINA (Taipei)														
General index	102	117	132	141	143	158	160	166	172	179	182	188	188	
Food	105	114	123	135	142	165	168	177	186	195	203	215	213	
Apparel	94	110	106	105	107	118	119	120	121	121	119	118	118	
Metals and electrical materials ^b	102	158	190	197	189	186	187	188	190	206	202	197	198	
Building materials	105	115	153	163	148	166	160	171	198	212	170	161	159	
Manufactured products	104	120	143	162	158	167	167	174	178	184	180	180	...	
Industrial materials	100	116	138	163	163	191	191	195	198	201	196	193	...	
INDIA														
General index	98	88	99	104	107	110	112	114	114	117	120	121	121	
Food articles	92	80	93	100	105	111	113	114	110	112	116	114	113	
Industrial raw materials	97	91	105	110	107	112	113	116	122	129	128	137	138	
Manufactured articles	102	101	106	109	110	111	111	114	118	121	122	126	127	
Intermediate products	99	99	112	110	111	113	111	118	123	127	133	132	134	
Finished products	102	101	106	109	110	111	111	113	117	120	122	125	126	
INDONESIA (Jakarta)														
(imported goods)														
All articles	109	145	135	160	247	...	...	...	...	...	...	...	...
Provisions	110	144	146	178	244	...	...	...	...	...	...	...	...
Textile goods	110	169	118	137	248	...	...	...	...	...	...	...	...
Chemicals	109	151	137	141	208	...	...	...	...	...	...	...	...
Metals	98	115	135	169	234	...	...	...	...	...	...	...	...
IRAN (Teheran)														
General index	118	115	123	123	119	123	122	128	129	134	138	141	140	
Domestic products	124	117	124	131	133	146	144	155	153	...	156	155	151	
Imported products	107	105	96	88	82	85	86	87	92	93	92	95	97	
Exported products ^c	117	116	136	134	125	121	120	123	123	135	144	151	152	
JAPAN														
General index	99	98	102	105	98	99	99	101	101	100	101	102	102	
Edible farm products	112	112	109	112	117	116	116	116	117	120	119	115	115	
Textiles	92	87	88	82	75	77	78	80	78	76	76	77	77	
Chemicals	93	90	94	95	88	85	85	86	86	87	90	87	86	
Metal and machinery	94	97	116	119	103	105	106	106	106	105	104	103	102	
Building materials	104	96	104	115	107	110	109	113	112	111	113	119	123	
Producer goods	98	95	103	107	98	99	99	100	99	99	99	100	101	
Consumer goods	103	101	100	102	99	100	100	102	103	103	104	103	103	
KOREA, Republic of (1955=100)														
General index . . . . .	...	100	132	153	143	147	152	153	156	163	169	185	162
Foods . . . . .	...	100	141	168	145	138	146	136	142	161	174	182	153
Metal products and machinery . . . . .	...	100	130	162	159	176	179	187	192	200	193	193	191
Building materials . . . . .	...	100	121	135	144	165	166	191	188	196	195	192	192
Fibre and fibre products . . . . .	...	100	122	127	126	128	131	140	138	131	136	141	145
Producer goods . . . . .	...	100	138	156	156	174	179	190	192	194	193	192	194
Consumer goods . . . . .	...	100	129	152	138	136	141	138	141	151	160	154	149
PHILIPPINES (Manila)														
General index	95	92	95	99	103	104	104	106	107	106	109	113	112	
Food	97	95	96	102	105	98	98	100	99	101	103	115	113	
Crude materials	88	84	90	92	99	117	112	119	122	115	113	112	113	
Chemicals	95	88	88	93	96	100	100	100	100	99	95	95	95	
Manufactured goods	96	92	100	103	104	110	112	114	115	112	113	112	112	
Domestic products	94	92	94	98	101	101	101	103	104	103	106	110	109	
Exported products	88	81	84	88	98	111	105	110	113	106	105	106	107	
Imported products	97	92	100	106	110	120	123	125	125	126	126	127	128	
THAILAND (Bangkok)														
General index	98	114	117	118	123	115	117	113	115	109	114	115	115	
Agricultural produce ^d	98	136	130	130	143	134	133	135	133	128	133	136	132	
Foodstuffs ^d	96	108	116	115	122	111	114	105	110	99	107	106	109	
Clothes	99	102	101	101	101	101	100	100	100	101	102	102	102	
Metal	97	126	139	141	108	116	116	123	123	123	122	120	118	
Construction materials	103	104	103	105	103	103	103	104	104	104	103	102	102	
VIET-NAM (Saigon-Cholon)														
General index	105	117	122	123	124	113	123	117	113	121	129	133	136	
Rice and paddy	83	99	113	106	119	78	104	87	77	87	109	120	126	
Raw materials	117	145	131	139	126	138	139	152	159	169	154	148	140	
Semi-finished products	120	123	131	138	129	126	127	128	123	121	126	128	135	
Manufactured products	120	124	121	111	117	111	114	115	118	121	123	129	138	
Local products	100	116	123	121	123	106	119	110	106	116	125	128	131	
Imported products	121	121	124	130	131	129	130	130	131	132	139	144	149	

a. Original base: Burma, 1938-40; China: Taiwan, Jan-June 1937 prior to 1959, 1956 since 1959 except indexes of manufactured products and industrial materials for which the base is 1951; India, Apr 1952/Mar 1953; Indonesia, 1938; Japan, 1953; Republic of Korea, and Philippines, 1955; Thailand, Apr 1938/Mar 1939; Viet-Nam, 1949.

b. Beginning 1959, metals and manufactures thereof.

c. Excluding petroleum.

d. Agricultural produce including paddy, rice meal, copra, rubber, etc.; foodstuffs including milled rice, pork, bananas, etc.

27. INDEX NUMBERS OF PRICES RECEIVED AND PAID BY FARMERS

PRICES

1953=100^a

	1954	1955	1956	1957	1958	1959	1959		1960				
							III	IV	I	II	III	Oct	Nov
CHINA (Taiwan)													
Prices received by farmers (R)	92	102	110	122	122	136	138	150	167	190	...	...	...
Prices paid by farmers (P)	93	101	111	118	120	132	133	141	159	182	...	...	...
Cultivation cost	93	106	113	120	125	138	135	146	166	179	...	...	...
Domestic expenditure	92	100	109	117	117	130	132	139	156	183	...	...	...
Ratio (R) ÷ (P)	99	100	99	103	102	103	104	106	105	103	...	...	...
INDIA (Punjab)													
Prices received by farmers (R)	94	78	97	104	107	115	107	107	114	106	...	...	...
Prices paid by farmers (P)	98	86	96	104	108	117	114	114	119	113	...	...	...
Cultivation cost	92	79	91	95	105	116	110	110	117	110	...	...	...
Domestic expenditure	102	91	99	110	111	118	116	117	121	116	...	...	...
Ratio (R) ÷ (P)	96	90	101	100	99	98	94	93	96	94	...	...	...
INDIA (West Bengal, 1954=100)													
Prices received by farmers (R)	100	102	118	135	143	141	157	148	145	150	...	...	...
Prices paid by farmers (P)	100	98	106	113	119	120	125	124	122	124	...	...	...
Cultivation cost	100	98	103	105	111	116	122	118	113	116	...	...	...
Domestic expenditure	100	97	108	118	124	122	126	128	127	128	...	...	...
Ratio (R) ÷ (P)	100	105	111	119	120	117	126	119	119	122	...	...	...
JAPAN ^b (Apr 1953-Mar 1954=100)													
Prices received by farmers (R)	98†	95†	98	99	97	97	97	98	93	95	98	...	...
Prices paid by farmers (P)	103†	101†	102	105	103	103	103	104	105	105	106	...	...
Cultivation cost	102†	98†	98	102	100	97	96	97	98	99	100	...	...
Domestic expenditure	103†	103†	103	106	105	107	107	108	108	108	109	...	...
Ratio (R) ÷ (P)	96†	94†	97	94	94	94	94	94	89	91	93	...	...

a. Original base: China (Taiwan) 1952; India, Punjab, Sep 1938/Aug 1939; West Bengal, 1939; Japan, Apr 1951/Mar 1952.

b. Index numbers of commodity prices in 473 towns or villages. Annual figures prior to 1956 relate to fiscal year April to March.

28. PRICE QUOTATIONS OF MAJOR EXPORT COMMODITIES

	Unit	1953	1954	1955	1956	1957	1958	1959	1959		1960					
									III	IV	I	II	III	Oct	Nov	
RICE																
Burma	£ per L. ton	60.0	49.0	41.1	35.6	34.2	37.0	32.9	32.7	32.0	32.0	32.0	32.0	33.0	33.0	
Cambodia	Ri per 100 kg.	375	337	379	...	335	382	356	359	363	360	345	416	453	445	
China: Taiwan	NT\$ per m. ton	3,527	3,133	2,634	3,776	3,644	3,643	5,309	—	5,311	5,312	5,239	—	—	...	
Thailand	£ per L. ton	63.4	57.3	50.5	48.9	49.8	53.1	47.7	48.4	45.7	43.8	41.9	47.5	47.0	46.0	
SUGAR																
China (Taiwan)	US\$ per ton	98.2	104.9	104.6	104.3	139.3	98.4	84.4	82.8	85.8	81.3	83.4	91.9	...	...
India	Rs. per maund	28.4	31.1	28.1	27.9	30.8	32.5	36.0	35.7	37.0	37.5	37.5	37.5	37.5	37.5	
Indonesia	Rp. per 100kg.	285	308	306	302	350	418	440	440	440	440	440	440	440	440	
Philippines	Peso per picul	15.2	14.9	13.8	14.0	14.8	15.3	14.9	15.1	15.0	14.5	15.9	17.5	18.2	18.3	
TEA																
Ceylon	Rs. per lb.	1.92	2.61	2.20	2.19	1.87	1.72	1.95	2.06	2.19	2.05	1.82	2.05	2.22	...	
China: Taiwan	NT\$ per kg.	9.64	11.25	11.49	11.96	10.08	12.67	16.20	17.84	15.04	17.88	16.55	19.21	18.01	...	
India	Rs. per lb.	2.00	3.18	3.05	2.58	2.63	2.52	2.43	2.68	2.54	2.33	2.52	2.97	2.73	2.63	
Indonesia	Rp. per 100kg.	1,037	1,469	1,459	1,072	1,097	1,116	1,039	1,012	881	4,417	4,240	...	...	...
PEPPER																
Cambodia	Rs. per 63.42 kg.	6,238	4,663	3,507	4,350	4,771	3,465	2,827	2,783	3,092	3,875	4,200	5,200	4,875	5,425	
India	Rs. per maund	285.9	162.4	131.6	110.9	77.7	71.7	100.2	95.0	119.2	205.2	235.8	241.1	200.0	190.2	
Indonesia	Rp. per 100 kg.	2,583	1,478	745	551	469	457	492	480	615	2,674	3,992	...	...	...
Sarawak	M\$ per picul	313.7	159.6	109.6	70.2	69.5	68.9	82.6	—	88.5	190.4	182.4	181.8	...	...
Singapore	M\$ per picul	395.3	204.8	135.6	94.7	72.8	69.8	93.4	88.7	138.3	230.2	192.8	182.5	144.1	154.4	
HIDES																
Pakistan	Rs. per 28 lbs. ^a	21.61	25.54	31.72	29.49	29.08	29.24	104.36	117.03	120.00	125.56	120.00	113.33	113.00	117.50	
SKINS																
India	Rs. per 100 pcs.	336.0	320.0	287.6	300.4	353.1	336.8	392.9	388.3	433.3	441.7	379.2	306.2	225.0	250.0	
Pakistan	Rs. per 100 pcs.	178.7	208.2	211.9	254.6	287.4	252.5	301.5	365.8	331.2	380.6	429.2	326.2	304.0	297.5	
GROUNDNUTS																
India	Rs. per maund	29.11	21.36	15.94	24.42	25.34	25.15	28.58	30.36	28.78	30.64	32.49	35.09	37.20	34.09	
COPRA																
Ceylon	Rs. per candy	267.2	246.8	209.5	212.2	239.8	264.8	302.6	299.8	313.7	323.0	295.4	264.2	247.5	239.8	
Federation of Malaya	M\$ per picul	35.30	30.68	26.38	25.70	26.85	35.13	41.29	38.83	41.00	40.33	33.33	31.00	28.25	28.50	
Indonesia	Rp. per 100kg.	219	194	193	178	156	179	237	221	240	777	806	...	...	...
Philippines	Peso per 100kg.	36.62	30.76	27.12	26.02	28.43	37.70	46.66	39.20	45.20	46.70	38.23	36.79	33.38	37.81	
Singapore	M\$ per picul	37.59	32.55	28.14	27.45	27.34	33.89	40.89	37.73	40.27	40.67	33.72	30.38	28.05	28.09	
RUBBER																
NATURAL																
Ceylon	Rs. per lb.	...	1.54	1.51	1.51	1.46	1.30	1.42	1.47	1.45	1.49	1.65	1.42	1.46	1.41	
Indonesia	Rp. per 100kg.	565	545	888	821	746	641	804	838	905	3,731	3,877	...	...	...
Singapore	M Cents per lb.	67.44	67.30	114.16	96.76	88.75	80.25	101.28	103.68	116.36	116.09	124.25	103.46	95.09	87.23	
Thailand	Baht per kg.	7.30	8.17	13.59	11.25	10.87	10.33	13.92	14.93	15.92	17.34	17.74	16.18	14.39	13.65	
United Kingdom	Pence per lb.	19.7	19.8	32.9	28.1	25.9	23.4	29.4	30.0	33.6	33.6	36.0	29.9	27.8	25.6	

PRICES

28. PRICE QUOTATIONS OF MAJOR EXPORT COMMODITIES (Cont'd)

	Unit	1953	1954	1955	1956	1957	1958	1959	1959		1960					
									III	IV	I	II	III	Oct	Nov	
TIMBER																
Burma	K. per cu. ton	929	876	921	923	889	874	861	850	899	924	1,095	...	...	...
Federation of																
Malaya	M\$ per 50 cu. ft.	148.2	149.4	156.6	158.2	144.6	143.3	127.9	122.1	139.5	152.8	155.9	161.7	156.1	150.4	
North Borneo	M\$ per 50 cu. ft.	118.3	82.9	77.9	77.5	66.1	64.7	74.6	75.7	90.9	96.8	96.8	89.3	...	...
Philippines	Peso per 1,000 bd. ft.	109	117	114	112	105	102	106	104	114	124	124	120	117	113	
Thailand	Baht per cu. m.	2,436	3,023	3,614	4,098	4,090	3,867	3,956	3,958	4,001	3,964	4,107	4,662	4,474	4,732	
WOOL, RAW																
Pakistan	Rs. per lb.	2.09	2.25	2.15	2.70	2.77	2.06	2.33	2.52	2.30	2.46	2.51	2.67	...	...
COTTON, RAW																
Burma	K. per lb.	1.08	1.34	1.33	1.00	1.14	1.01	...	0.86	0.90	0.90	1.19	...	...	...
India	Rs. per 784 lbs.	710.0	734.0	635.8	786.7	766.7	732.0	767.6	794.0	...	840.0	840.0	840.0	...	...
Pakistan	Rs. per maund	67.1	78.7	79.6	88.8	87.0	81.9	74.2	75.1	82.5	89.9	90.0	94.2	...	...
JUTE, RAW																
India	Rs. per 400 lbs.	132	148	172	173	207	192	190	192	198	199	248	230	322	318	
Pakistan	Rs. per 400 lbs.	106	135	150	187	214	188	190	186	198	217	272	...	...	...
United Kingdom	£ per L. ton	96	102	98	103	114	110	111	108	111	115	133	125	185	198	
HEMP, RAW																
Philippines	Peso per picul	38.4	28.8	31.0	37.4	46.8	39.2	57.6	61.6	60.8	66.9	63.0	59.5	...	...
GROUND NUT OIL																
India	Rs. per quarter	22.34	15.38	11.92	17.82	19.11	18.79	20.50	21.83	20.23	22.08	23.23	24.23	25.88	23.58	
PALM OIL																
Indonesia	Rp. per 100kg.	214	204	220	233	232	212	217	207	217	861	809	...	...	...
COCONUT OIL																
Ceylon	Rs. per L. ton	1,519	1,454	1,156	1,168	1,256	1,396	1,688	1,751	1,736	1,756	1,608	1,349	1,263	1,251	
Philippines	Peso per kg.	0.89	0.57	0.48	0.45	0.47	0.66	0.80	0.70	0.77	0.80	0.71	0.65	0.60	0.66	
Singapore	M\$ per picul	59	55	44	44	46	54	65	61	64	64	54	48	45	45	
RAYON YARN																
Japan	Yen per lb.	229	209	173	172	171	151	148	150	152	147	147	147	147	147	
COTTON PIECE GOODS																
India	Rs. per lb.	1.89	1.88	1.80	1.94	2.04	1.81	1.84	1.85	1.90	2.59	2.59	3.08	...	...
Japan	Yen per yd.	60	57	50	54	48	42	53	53	59	80	54	54	54	51	
JUTE MANUFACTURES																
India (bag)	Rs. per 100 bags	98.8	111.8	115.6	111.2	114.6	98.6	98.1	101.5	105.0	113.2	131.0	137.3	168.1	176.2	
India (hessian)	Rs. per 100 yd.	46.1	47.2	45.0	43.0	44.3	43.0	42.4	42.2	42.8	43.9	50.8	48.9	58.7	59.3	
TIN																
Indonesia	Rp. per m. ton	19,377	14,215	14,986	16,078	16,011	15,649	15,757	15,915	16,063	65,325	69,773	65,434	64,478	...	
Singapore	M\$ per picul	363.9	353.6	365.5	387.0	373.2	369.3	396.9	399.8	393.1	389.9	388.6	401.4	396.0	395.5	
Thailand	Baht per kg.	20.3	26.9	28.2	28.8	28.9	28.0	31.6	32.3	30.9	32.1	31.7	30.9	...	32.1	
PETROLEUM, CRUDE																
Indonesia	Rp. per m. ton	76	160	160	163	163	181	181	174	196	510	518	543	501	...	
Sarawak	M\$ per m. ton	64	65	63	61	64	65	60	...	59	59	59	59	...	...
PETROLEUM PRODUCTS																
Indonesia	Rp. per litre	0.33	0.32	0.30	0.31	0.30	0.32	0.31	0.30	0.33	0.98	0.98	0.93	1.07	...	

SPECIFICATIONS:

RICE: Burma—Average of export contract prices f.o.b. white rice, No. 1 small mills special nasein. Cambodia—Wholesale prices of white rice No. 1—25%, broken, at Phnom-Penh. China: Taiwan—Unit value of export of rice and paddy. Thailand—Export price f.o.b. Bangkok, white rice 5% broken; prior to 1955 export contract price f.o.b.

SUGAR: China: Taiwan—Monthly average price of all kinds of sugar f.o.b. Taiwan ports. India—Wholesale prices, D. 28 Kanpur. Indonesia—Domestic wholesale prices of white sugar, Djakarta. Philippines—Wholesale prices of centrifugal sugar, Manila.

TEA: Average weekly auction prices of weighted average for three grades of black tea in Colombo. China: Taiwan—Unit value of export of black tea. India—Export price at Calcutta auctions, leaf, all types. Indonesia—Export prices f.o.b. for B.O.P., O.P., P.S. and B.P.

PEPPER: Cambodia—Wholesale prices, black ex-store. India—Wholesale prices, ungarbled (alleppey) Calcutta. Indonesia—Export prices, f.o.b. black Lampung, Sarawak—Unit value of exports of black pepper. Singapore—Average wholesale prices, black Lampung.

HIDES: Pakistan—Average wholesale prices of Karachi unframed arminated mixed 12/40 lbs. (buffalo), Karachi, since August 1959 10/40 lbs.

SKINS: India—Wholesale prices of raw goat skin, average quality, Calcutta. Pakistan—Average wholesale prices of sheep skin, Papra (dewooled all primes), Karachi.

GROUNDNUTS: India—Wholesale prices of ground nuts, machine shelled, Cuddalore.

COPRA: Ceylon—f.o.b. prices for all grades. Federation of Malaya—Wholesale prices, sundried. Indonesia—Export prices f.o.b. mixed. Philippines—Wholesale prices, resacada, Manila. Singapore—Wholesale prices, sundried.

RUBBER, NATURAL: Ceylon—Unit value of exports of rubber sheet. Indonesia—Export prices f.o.b. R.S.S. 1 and Crepe 1. Singapore—Buyers' midday prices, f.o.b. Singapore No. 1 RSS in bales. Annual prices are the averages of daily prices. Thailand—Unit value of exports of rubber smoked sheet. Annual figures relate to whole kingdom, monthly and quarterly figures relate to Port of Bangkok only. United Kingdom—domestic/import price c/f London, No. 1 RSS.

TIMBER: Burma—Unit value of teak exports. Federation of Malaya—Unit

value of net exports of timber. North Borneo—Unit value of sawn logs for 1953-1954; sawn logs and veneer logs, non-coniferous from 1955 to date.

Philippines: Unit value of exports of logs and lumber. Thailand—Unit value of exports of teak board. Annual figures relate to whole kingdom, monthly and quarterly figures relate to Port of Bangkok only.

WOOL, RAW: Pakistan—Unit value of exports.

COTTON, RAW: Burma—Unit value of exports. India—Wholesale prices, Jarilla M.G.F. at Bombay prior to August 1959; at Madhya Pradesh 25/32" for August 1959 to December 1959; at Madhya Pradesh 26/32" for subsequent period. Pakistan—Monthly average wholesale prices of 289 F. Punjab R.G. Karachi.

JUTE, RAW: India—Domestic price at Calcutta, raw lightnings. Pakistan—Domestic/export f.o.b. Chittagong, raw, baled, export firsts. United Kingdom—Domestic/import price c. and f. Dundee, Pakistan mill firsts.

HEMP, RAW: Philippines—Domestic/export price at Manila, Manila Hemp, Grade G.

GROUND-NUT OIL: India—Wholesale prices, naked, Bombay.

PALM OIL: Indonesia—Export prices f.o.b.

COCONUT OIL: Ceylon—f.o.b. prices for all grades. Philippines—Wholesale prices, Manila. Singapore—f.o.b. Singapore.

RAYON YARN: Japan—Export prices f.o.b. viscose, 120 denier hank, 1st grade.

COTTON PIECE GOODS: India—Wholesale prices of grey standard shirting (dyeing grey standard shirting since 1960) 35" x 38 yds. Bombay. Japan—Export prices f.o.b., heavy shirting a/2003 grey 38".

JUTE MANUFACTURES: India—Export prices of bags, B-twills 2 1/2 lbs. 44 x 26 1/2" (22 x 26 1/2" since April 1960) f.a.s. Calcutta. India—Domestic/export prices of hessian cloth 10 1/2 oz. 40" Calcutta.

TIN: Indonesia—Unit value of exports of tin and tin ore. Singapore—Export prices ex-works. Thailand—Unit value of exports of tin ore and tin in concentrates. Annual figures relate to whole kingdom, monthly and quarterly figures relate to Port of Bangkok only.

PETROLEUM, CRUDE: Indonesia—Unit value of exports of crude petroleum.

PETROLEUM PRODUCTS: Indonesia—Unit value of exports of motor spirit.

* Since 1959, Rs per 82 lbs.

29. WAGES Base for index numbers, 1953*

PRICE AND WAGES

	1954	1955	1956	1957	1958	1959	1959		1960				
							III	IV	I	II	III	Oct	Nov
CEYLON													
Index of wages													
Tea and rubber estate workers ^b	102	106	107	108	110	110	110	110	110	109	107	108	109
Government workers (Colombo) ^c	100	104	106	109	125	125	125	125	125	125	125	125	125
CHINA (Taiwan)													
Index of earnings ^d													
Mining	105	131	174	227	243	246	248	254	262	270	267	...	...
Manufacturing	111	125	141	155	185	177	172	183	200	203	209	...	...
INDIA													
Wages or earnings (rupees)													
Cotton mills ^e (Bombay, monthly)	95.4	94.8	98.8	104.2	111.6	116.4	118.3	120.4	119.2	118.8	119.7	118.6	...
Coal mines ^f (Jahria, weekly) . .	14.2	14.2	17.4	20.5	22.0	22.8	22.6	23.1	23.1	23.7	23.6	24.0	...
JAPAN													
Index of earnings ^g													
Mining	101	108	118	137	140	145	159	166	132	141	168	136	139
Manufacturing	105	109	120	124	127	138	139	171	120	141	152	128	132
Daily money wages of agricultural labour, male (yen)	285	301	308	323	337	348	353	361	328	384	382	...	...
KOREA, Republic of													
Wages ^h (thousand hwan)													
Mining . . . . .	...	...	...	26.7	27.8	32.7	32.6	34.6	34.1	34.0	36.6	40.4	38.5
Manufacturing . . . . .	...	...	...	20.3	21.7	23.4	23.3	23.8	24.5	25.5	28.9	27.4	25.8
PHILIPPINES													
Index of wages ⁱ (Manila)													
Skilled	101	101	101	101	104	106	106	107	106	106	106	...	...
Unskilled	99	102	103	102	103	103	103	103	103	104	104	...	...

- a. Original base: Ceylon, 1939; China (Taiwan), June 1949; Japan, 1955; Philippines, 1955.
b. Daily rates of minimum wages (basic wages plus special allowance).
c. Monthly wage rates for unskilled male workers in government employment.
d. Daily average of wages and allowances including payment in kind.
e. Monthly minimum basic wages plus dearness allowance.
f. Average weekly earnings (basic wages plus dearness allowance and other payments) of underground miners and loaders in coal mines.

- g. Average monthly cash earnings per regular worker.
h. Total monthly average earnings of production workers based on the payroll reports collected from representative sample establishments throughout the country engaged in mining and manufacturing (excluding tobacco and salt manufacturing).
i. Daily average wage rates of all classes of workers.

30. INDEX NUMBERS OF COST OF LIVING 1953 = 100*

	1954	1955	1956	1957	1958	1959	1959		1960					
							III	IV	I	II	III	Oct	Nov	
A. All items														
BURMA: Rangoon	95	99	106	112	108	96	97	100	101	111	111	...	...
CAMBODIA: Phnom-Penh	108	121	127	127	135	141	143	147	148	147	153	155	156	
CEYLON: Colombo	100	99	99	101	103	104	103	104	104	101	100	102	103	
CHINA: Taipei	102	112	123	133	134||	146	152	153	157	170	181	183	183	
FED. OF MALAYA ^b	94	91	92	96	95	92	91	91	92	91	91	91	91	
HONG KONG	98	95	97	98	96	104	108	100	102	100	99	100	97	
INDIA ^c (interim index)	95	91	99	105	109	114	117	118	115	116	99	118	118	
INDONESIA: Djakarta ^d	...	...	...	...	...	100	106	102	119	136	...	...	...
IRAN	118	122	130	139	138	152	150	155	159	163	164	166	168	
JAPAN (urban)	106	105	106	109	108	110	110	111	112	113	115	116	114	
KOREA: Seoul	137	231	284	350	339	353	356	363	368	388	391	386	377	
LAOS: Vientiane	123	125	141	174	187	199	199	187	191	191	...	...	...
PAKISTAN ^e Karachi	98	94	97	106	110	106	108	112	114	114	114	114	113	
Narayanganj	84	85	99	104	110	109	112	112	111	114	114	114	113	
PHILIPPINES: Manila	99	98	100	102	105	104	105	107	105	106	111	114	113	
SINGAPORE	93	91	92	94	92	92	91	92	92	92	91	91	91	
THAILAND: Bangkok	100	105	111	118	125	119	118	114	116	114	121	123	117	
VIET-NAM: Saigon	113	124	139	133	130	133	134	131	130	128	133	132	136	
B. Food														
BURMA: Rangoon	94	97	104	115	110	95	97	101	102	115	118	...	...
CAMBODIA: Phnom-Penh	103	119	130	129	141	143	146	146	145	143	147	149	151	
CEYLON: Colombo	100	99	97	99	100	99	98	100	99	95	92	94	96	
CHINA: Taipei	102	108	126	137	138||	154	156	163	169	188	202	205	201	
FED. OF MALAYA	90	87	88	93	91	88	88	88	89	87	91	98	98	
HONG KONG	95	90	95	95	93	106	111	98	102	98	96	98	94	
INDIA (interim index)	93	84	96	103	108	115	118	118	114	114	118	116	116	
INDONESIA: Djakarta ^d	106	141	161	177	258	100	104	98	110	124	...	...	...
IRAN	114	114	121	126	120	135	132	137	143	146	147	149	151	
JAPAN (urban)	108	105	105	108	106	107	108	108	108	110	114	114	111	
KOREA: Seoul	116	206	282	339	310	308	316	314	326	363	375	360	337	
LAOS: Vientiane	122	118	122	157	176	189	189	172	174	175	...	...	...
PAKISTAN: Karachi	98	95	100	113	117	113	116	119	122	121	122	123	121	
Narayanganj	79	80	97	102	105	105	108	110	109	111	112	111	111	
PHILIPPINES: Manila	99	98	101	105	111	107	107	111	106	109	115	124	121	
SINGAPORE	91	88	89	91	87	86	84	88	87	85	84	83	84	
THAILAND: Bangkok	98	103	108	117	126	116	116	110	113	111	121	123	111	
VIET-NAM: Saigon	107	121	140	129	125	124	126	121	120	115	123	119	125	

- GENERAL NOTES: All figures refer to working class expenditures except for the following countries: Burma, low and middle income group of households; China (Taiwan), public servants prior to 1959, beginning 1959, major city consumers' prices; Hong Kong, clerical and technical workers; Indonesia, government employees; Japan, urban population; Republic of Korea, salaried workers and wage earners; Laos, middle class; Singapore, low income clerks and labourers; Thailand, low salaried workers and civil servants.
a. Original base: Burma, 1958; Cambodia, 1949; Ceylon, 1952; China: Taiwan, Jan-Jun 1937 prior to 1959, 1956 since 1959; Hong Kong, Mar 1947; India, 1949; Indonesia, July 1938 prior to 1959, 1959 for subsequent years; Japan, 1951 for period prior to 1955, 1955 for subsequent years; Republic of Korea, 1955; Laos, Dec 1948; Federation of Malaya, Jan 1949 prior to 1960, 1959 since 1960; Pakistan, Apr 1948/Mar 1949; Philippines, 1955; Singapore, 1939; Thailand Apr 1938/Mar 1939; Republic of Viet-Nam, 1949.
b. Excluding house rent prior to 1960.
c. Excluding house rent.
d. Beginning 1959, base 1959 = 100.

CURRENCY AND BANKING

31. CURRENCY AND BANKING

End of period

	1954	1955	1956	1957	1958	1959	1959		1960					
							III	IV	I	II	III	Oct	Nov	
BURMA (million kyats)														
Money supply	842	1,116	1,343	1,106	1,311	1,485	1,566	1,485	1,599	1,560	1,503	1,486	1,465	
Currency: net active	567	725	830	746	853	1,021	1,070	1,021	1,156	1,089	1,010	996	986	
Deposit money	275	391	513	360	458	464	496	464	443	471	493	490	479	
Private time deposits (Commercial banks)	77	122	103	100	118	212	130	212	156	144	162	164	158	
Government deposits	297	248	248	282	281	262	336	262	306	303	292	268	263	
Union Bank of Burma	183	130	117	77	50	48	55	48	53	40	45	34	31	
Commercial Bank ^a	114	118	131	205	231	214	281	214	253	263	247	234	232	
Bank clearings	199	246	293	317	270	289	323	302	329	386	347	286	299	
Foreign assets	643	540	652	446	576	642	691	642	599	729	665	675	675	
Union Bank of Burma	555	415	535	382	490	568	608	568	513	645	583	600	603	
Commercial banks	88	124	117	64	86	74	83	74	86	84	82	75	72	
Claims on private sector (commercial banks)	212	216	250	343	270	305	265	305	396	359	355	365	358	
Claims on government	543	941	1,020	1,002	1,185	1,375	1,399	1,375	1,426	1,238	1,260	1,285	1,191	
Union Bank of Burma ^b	388	652	662	762	710	797	773	797	908	723	709	727	662	
Commercial banks	155	289	358	240	475	578	626	578	518	515	551	558	533	
Rates of interest (% per annum)														
Call money rate	0.98	1.27	0.94	1.42	1.60	1.08	1.00	1.33	1.50	1.50	1.35	1.75	1.75	
Yield of long term gov't bonds ^a Δ	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	
Exchange rate (selling)	4.808	4.778	4.808	4.775	4.785	4.790	4.780	4.790	4.775	4.775	4.765	4.760	4.768	
CAMBODIA (million riel)														
Money supply	...	999	1,058	1,355	1,472	1,799	1,775	1,799	2,100	1,985	2,103	2,034	2,017	
Currency: in circulation	...	...	...	...	...	...	...	...	...	...	...	...	...
Demand deposits in commercial banks	...	1,035	1,104	693	885	1,143	1,063	1,143	1,280	1,444	1,562	1,490	...	
Private time deposits	...	37	15	84	76	159	159	159	229	254	277	279	...	
Bank clearings	273	446	412	481	520	570	613	626	684	686	738	719	651	
Foreign assets	...	1,968	2,559	2,911	3,442	3,505	3,718	3,705	3,951	3,780	3,920	3,843	...	
Banque Nationale du Cambodge	...	1,751	2,454	2,756	3,366	3,566	3,552	3,566	3,765	3,636	3,748	3,670	3,706	
Commercial banks	...	217	105	155	76	139	165	139	185	144	168	172	...	
Claims on private sector	...	329	563	812	776	1,147	966	1,147	1,264	1,421	1,648	1,629	...	
Claims on government by Banque Nationale du Cambodge	...	1,014	1,014	1,014	1,014	1,114	1,014	1,014	1,014	1,014	1,014	1,014	1,014	
CEYLON (million rupees)														
Money supply	947	1,062	1,118	1,032	1,067	1,169	1,120	1,169	1,186	1,161	1,172	1,203	1,212	
Currency: net active	342	384	401	435	530	565	550	565	578	594	580	592	595	
Deposit money	605	677	717	597	537	604	569	604	608	567	593	611	617	
Private time deposits	418	450	510	558	617	687	653	687	685	725	743	749	761	
Government deposits	69	116	176	128	164	100	108	100	102	66	87	87	57	
Central Bank of Ceylon	16	42	67	12	28	18	21	18	14	12	12	8	8	
Commercial banks	53	74	109	116	136	81	87	81	88	53	75	79	49	
Bank clearings	684	758	735	730	661	714	722	744	726	731	761	750	742	
Bank debits ^a	1,107	1,060	1,063	1,111	970	1,050	1,056	1,022	1,116	1,084	1,122	1,125	992	
Foreign assets (net)	638	857	878	669	580	389	464	387	393	322	267	280	245	
Central Bank of Ceylon	524	655	736	579	492	315	388	315	302	250	169	172	142	
Commercial banks	113	200	143	90	88	75	77	75	93	72	99	107	102	
Claims on the private sector (commercial banks)	247	256	344	399	436	458	462	458	486	493	501	493	487	
Claims on government	617	596	672	750	906	1,181	1,060	1,181	1,169	1,228	1,327	1,384	1,387	
Central Bank of Ceylon	27	18	11	88	261	514	405	514	501	584	678	697	703	
Other banks	590	578	661	665	645	667	655	667	668	644	649	667	684	
Rates of interest (% per annum)														
Call money rate	0.50	0.50	0.50	1.08	1.25	1.42	1.50	1.50	1.50	1.75	2.25	2.00	2.00	
Treasury bill rate	1.59	0.79	0.68	0.88	1.54	1.93	2.00	2.01	2.23	2.44	2.48	2.60	2.60	
Yield of long term gov't bonds ^a Δ	3.79	3.13	3.04	2.99	2.91	2.76	2.74	2.70	2.85	2.61	2.87	3.48	3.49	
Exchange rate (selling)	4.795	4.772	4.800	4.765	4.755	4.753	4.750	4.757	4.752	4.765	4.760	4.755	4.754	
CHINA: Taiwan: (million new Taiwan dollars)														
Money supply	2,103	2,636	3,261	3,938	5,238	5,981	5,377	5,981	5,892	5,927	6,014	5,909	6,007	
Currency: net active	1,340	1,604	1,883	2,228	2,927	3,277	2,914	3,277	3,060	3,127	3,113	3,043	3,047	
Deposit money	763	1,032	1,378	1,710	2,310	2,704	2,463	2,704	2,832	2,800	2,901	2,866	2,960	
Private time deposits	887	1,010	1,049	1,473	2,687	3,476	3,279	3,476	3,683	3,910	4,316	4,447	4,543	
Government deposits	810	998	1,295	1,606	1,738	1,955	2,061	1,955	2,143	2,298	2,305	2,321	2,317	
Bank of Taiwan	743	826	1,167	1,441	1,551	1,727	1,837	1,727	1,885	2,070	2,042	2,081	2,104	
Other banks	67	172	128	164	188	228	224	228	257	226	263	241	207	
Counterpart funds	631	1,405	1,485	1,651 [*]	1,553 [*]	1,835 [*]	2,245 [*]	1,835 [*]	1,587 [*]	1,809	2,122	2,186	2,431	
Bank clearings	1,720	2,887	3,857	5,121	5,410	6,892	6,813	7,989	7,993	8,797	8,794	8,572	9,006	
Foreign assets (net)														
Bank of Taiwan	134	504	528	649	1,708	1,524	1,439	1,524	1,691	1,992	2,103	2,169	2,180	
Claims on private sector ^{a, b}	1,207	1,960	2,198	3,043	4,122	5,684	5,643	5,684	6,021	6,337	6,473	6,503	6,662	
Bank of Taiwan	167	402	470	731	1,023	1,091	1,227	1,091	1,016	1,201	1,128	1,135	1,136	
Other banks	1,116	1,646	1,816	2,400	3,391	4,593	4,416	4,593	5,005	5,136	5,345	5,367	5,526	
Claims on government ^a	1,477	1,687	2,020	2,361	2,374	2,604	2,459	2,604	2,690	2,721	2,924	2,935	3,066	
Bank of Taiwan	1,445	1,652	1,974	2,311	2,286	2,393	2,195	2,293	2,362	2,394	2,613	2,632	2,777	
Other banks	32	35	46	50	88	311	265	311	308	326	311	303	289	
Claims on official entities ^{a, b}	1,672	2,046	2,563	2,905	3,350	3,707	3,731	3,707	3,599	3,579	3,866	4,024	4,187	
Bank of Taiwan	1,582	1,948	2,473	2,827	3,248	3,608	3,594	3,608	3,433	3,426	3,661	3,731	3,862	
Commercial banks	90	98	90	78	102	99	137	99	166	153	205	293	325	

31. CURRENCY AND BANKING (Cont'd) CURRENCY AND BANKING End of period

	1954	1955	1956	1957	1958	1959	1959		1960				
							III	IV	I	II	III	Oct	Nov
CHINA: Taiwan: (million new Taiwan dollars) (Cont'd)													
Exchange rate													
Buying:													
Sugar, Rice Exports . . .	15.55	20.35	20.35	20.35	36.08								
Other Exports:													
Government	15.55	20.35	26.35	26.35	37.58	39.70	39.75	39.70	40.02	40.00	40.00	40.00	40.03
Private	15.55	26.35	26.35										
Non-Trade	15.55	21.95-29.05	24.68-29.05	24.68-29.05	36.08-37.58								
Selling:													
Government Imports . . .	18.78	24.78	24.78	24.78	36.38	36.38	36.38	36.38	36.38	36.38	40.00	40.00	40.03
Other Imports	18.78	32.28	32.28	32.28	37.78	39.70	39.75	39.70	40.02	40.00			
Non-Trade	15.65	18.78	24.78	24.78	37.78								
FEDERATION OF MALAYA and SINGAPORE (million Malayan dollars)													
Money supply	1,068	1,267	1,268	1,230	1,237	1,430	1,356	1,430	1,492	1,491	1,492	1,508	1,502
Currency: net active . . .	711	861	892	889	895	1,016	963	1,016	1,034	1,042	1,059	1,077	1,082
Deposit money	357	406	376	341	345	414	393	414	458	449	434	431	420
Time deposits	243	338	320	305	355	462	434	462	483	510	545	553	566
Bank debits ^a	Δ	1,438	1,600	1,679	1,628	1,762	1,724	1,862	1,939	1,865	2,030	1,928	1,874
Foreign assets	1,291	1,542	1,468	1,375	1,460	1,749	1,657	1,749	1,789	1,823	1,807	1,801	1,823
Currency Board	892	965	992	1,004	1,082	1,379	1,290	1,379	1,418	1,431	1,426	1,429	1,450
Other banks (net)	399	577	476	371	378	370	363	370	371	392	381	372	373
Claims on private sector . .	162	194	252	279	295	372	338	372	458	455	491	494	482
Claims on government	99	95	98	104	113	140	143	140	147	158	163	167	168
Exchange rate (par rate) . .	3.06	3.06	3.06	3.06	3.06	3.06	3.05	3.06	3.05	3.05	3.05	3.04	3.05
HONG KONG (million HK dollars)													
Money supply													
Currency notes: in circulation	728	727	732	755	772	838	806	838	885	900	902	910	912
Bank clearings	Δ 1,140	1,160	1,276	1,412	1,309	1,480	1,501	1,788	1,903	1,856	1,870	1,957	2,085
INDIA (thousand million rupees)													
Money supply	18.32	20.47	21.79	22.76	23.50	25.21	24.33	25.21	27.03	27.02	26.31	26.61	25.76
Currency: net active	12.25	13.86	14.85	15.27	16.06	17.53	16.63	17.53	18.61	18.69	18.20	18.23	18.43
Deposit money	6.08	6.61	6.93	7.49	7.43	7.67	7.68	7.67	8.39	8.33	8.11	8.37	7.33
Private time deposits	5.26	6.13	6.98	8.93	11.40	13.98	13.73	13.98	14.26	14.97	14.71	14.38	14.71
Government deposits													
(Reserve Bank of India) . .	0.77	0.70	0.73	0.72	0.79	0.90	0.83	0.90	1.09	0.87	0.86	0.94	0.82
Bank clearings	Δ 5.58	6.52	7.03	7.41	7.96	8.99	8.85	9.39	9.85	10.06	9.74	10.42	10.78
Foreign assets (Reserve Bank of India)	7.71	7.75	6.48	4.15	3.07	3.31	2.99	3.31	3.15	2.75	2.57	2.60	2.58
Claims on private sector . . .	6.16	7.04	8.84	10.16	10.39	11.64	11.32	11.64	13.10	13.42	13.45	13.29	13.33
Commercial banks	5.95	6.78	8.48	9.61	9.65	10.57	10.27	10.57	12.04	12.22	12.12	11.93	11.98
Cooperative banks	0.21	0.26	0.36	0.55	0.74	1.07	1.05	1.07	1.06	1.20	1.33	1.36	1.35
Claims on government	12.11	14.05	16.93	21.88	26.33	29.15	28.42	29.15	30.04	30.70	29.82	29.87	29.92
Reserve Bank of India . . .	6.04	7.13	9.82	14.13	16.35	17.35	16.82	17.37	18.74	19.09	18.31	18.66	18.74
Other banks	4.98	5.74	5.96	6.63	8.84	10.58	10.45	10.58	9.99	10.24	10.22	9.90	9.88
Treasury currency	1.09	1.18	1.15	1.12	1.14	1.21	1.16	1.21	1.31	1.34	1.29	1.31	1.30
Rates of interest (% per annum)													
Call money rate	Δ 2.45	2.59	3.21	3.71	2.96	2.74	2.01	2.25	3.56	3.61	3.51	4.11	4.20
Yield of long-term gov't bonds ^a	Δ 3.65	3.72	3.92	4.13	4.17	4.05	4.05	4.04	4.06	4.09	4.06	4.07	4.04
Exchange rate (selling) . . .	4.808	4.778	4.805	4.770	4.780	4.783	4.778	4.783	4.768	4.770	4.763	4.758	4.765
INDONESIA (thousand million rupiah)													
Money supply	11.12	12.23	13.39	18.91	29.37	34.89	24.76	34.89	39.06	42.84	43.34	...	...
Currency: net active	7.47	8.65	9.37	14.09	19.87	26.38	20.21	26.38	30.09	31.54	31.91	...	...
Deposit money	3.64	3.59	4.02	4.82	9.49	8.50	4.55	8.50	8.96	11.10	11.44	...	...
Private time deposits	0.27	0.33	0.29	0.29	0.34	0.18	0.18	0.18	0.19	0.20	...	...	...
Foreign assets (net)	1.73	2.77	1.68	1.26	2.48	14.75	2.67	14.75	18.23	18.36	...	...	...
Bank Indonesia	1.15	1.95	0.90	0.58	2.15	12.43	2.21	12.43	15.82	16.06	...	...	...
Gross foreign assets	2.89	3.50	2.90	2.55	2.48	13.50	2.53	13.50	16.97	16.63	...	...	...
Foreign liabilities ^a	1.74	1.55	1.99	1.97	0.33	1.07	0.32	1.07	1.15	0.57	...	...	...
Other banks	0.58	0.79	0.76	0.68	0.33	2.32	0.46	2.32	2.41	2.24	...	...	...
Claims on private sector . . .	2.83	4.02	4.93	4.47	6.56	13.08	8.90	13.08	17.00	18.56	...	...	...
Bank Indonesia	0.46	0.86	0.86	0.77	1.77	2.46	2.33	2.46	2.96	3.63	...	...	...
Other banks	2.37	3.16	4.07	3.73	4.79	10.62	6.57	10.62	14.04	14.94	...	...	...
Claims on government	9.26	9.30	14.69	20.77	30.60	34.36	31.44	34.36	30.12	32.58	...	...	...
Bank Indonesia	8.61	8.50	12.30	19.15	28.46	32.06	29.09	32.06	27.73	30.00	28.94	28.94	31.31
Other banks	0.02	0.02	1.53	0.67	1.03	0.90	1.07	0.90	0.86	1.04	...	...	...
Treasury currency	0.63	0.78	0.86	0.95	1.11	1.40	1.27	1.40	1.53	1.54	...	...	...
Exchange rate:													
Principal export rate	11.36	11.36	11.36-13.57	22.7	30.3	36.0	36.0	36.0	36.0	36.0	45.0	45.0	45.0
Principal import rate	11.44	11.48-22.95	11.48-22.95	28.4-42.6	37.9-56.8	45.0-67.5	45.0-67.5	45.0-67.5	45.0-67.5	45.0-72.0	45.0-72.0	45.0-72.0	45.0-72.0
Other import rate	15.26-22.89	34.42-57.38	28.68-57.38	56.8-78.1	75.8-104.2	90.0-135.0	90.0-135.0	90.0-135.0	90.0-135.0	90.0-135.0	200.0	200.0	200.0

CURRENCY AND BANKING

31. CURRENCY AND BANKING (Cont'd)

End of period

	1954	1955	1956	1957	1958	1959	1959		1960					
							III	IV	I	II	III	Oct	Nov	
IRAN (thousand million rials, 20th of last month of period)														
Money supply	18.52	20.22	23.59	27.70	36.33	39.96	38.77	39.96	44.47	42.82	44.37	44.29	...	
Currency: net active	16.84	17.71	20.78	24.26	27.79	30.48	30.75	30.43	34.30	32.74	34.68	34.88	...	
Deposit money	1.68	2.51	2.81	3.44	7.00	9.49	8.02	9.49	10.17	10.08	9.69	9.41	...	
Private time deposits	3.68	4.12	5.31	5.79	7.30	9.80	9.08	9.80	11.36	10.37	10.93	11.19	...	
Government deposits	3.97	4.08	4.57	6.07	8.08	11.28	9.12	11.28	9.40	8.79	9.09	11.61	8.90	
Bank debits	13.98	15.33	16.80	18.20	20.71	20.62	20.33	20.74	20.61	20.26	...	...	...
Foreign assets* (National bank)	6.76	7.11	8.44	18.57	19.13	16.12	14.40	16.12	14.27	13.03	13.46	16.68	14.04	
Claims on private sector	8.06	9.72	10.82	13.98	22.61	32.24	30.80	32.24	33.48	37.17	39.54	39.76	...	
National Bank	4.49	5.72	7.45	8.37	12.73	15.87	15.31	15.87	16.00	17.46	18.92	18.81	18.92	
Commercial banks	3.57	3.99	3.36	5.61	9.88	16.37	15.49	16.37	17.47	19.70	20.62	20.96	...	
Claims on government ^r	11.23	11.07	12.64	13.81	14.73	13.33	13.53	13.33	13.45	13.66	15.00	15.60	15.44	
Claims on official entities														
(National bank)	5.82	6.24	6.88	9.09	12.27	15.60	15.46	15.60	16.25	16.92	16.18	16.05	16.05	
Exchange rate: selling	84.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50	
JAPAN (thousand million yen)														
Money supply	2,013	2,331	2,714	2,824	3,185	3,711	3,117	3,711	3,519	3,510	3,681	...	...
Currency: net active	586	627	721	750	795	604	679	604	752	822	800	...	...
Deposit money	1,427	1,705	1,993	2,074	2,390	3,107	2,438	3,107	2,767	2,688	2,881	...	...
Time deposits (other banks)	2,534	3,064	3,837	4,767	5,867	7,236	6,830	7,236	7,581	7,909	8,390	...	...
Government & Local Government	171	179	210	221	251	279	256	279	434	328	334	...	...
Bank of Japan	67	61	66	46	54	54	36	54	198	40	37	...	...
Other banks	104	118	144	175	197	225	220	225	236	288	297	...	...
Bank clearings	2,430	2,750	3,342	4,264	4,745	4,775	4,730	5,134	5,037 ^r	5,327	5,577	5,853	5,795	
Foreign assets	302	447	457	272	396	532 ^r	492 ^r	532 ^r	504 ^r	491 ^r	575	...	...
Bank of Japan	—	31	170	153	—	91	212 ^r	173 ^r	212 ^r	213 ^r	219 ^r	...	...
Foreign Exchange Fund	342	289	355	282	305	386	374	386	400	431	481	...	...
Other banks	—	9	—	51	—	67	—	67	—	158	—	...	...
Claims on private sector	4,164	4,684	5,917	7,253	8,501	10,287	9,690	10,287	10,766	11,255	11,959	...	...
Claims on government ^r	441	427	442	448	652	798	445	798	725	587	435	...	...
Rates of interest (% per annum)														
Call money rate (Tokyo)	7.84	7.36	6.57	10.94	9.69	8.43	8.40	8.40	8.40	8.40	8.40	8.40	8.40	
Yield of long-term gov't bonds ^m	7.01	6.33	6.34	6.33	6.32	6.32	6.32	6.32	6.32	6.32	6.43	6.43	...	
Exchange rate (par rate)	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	
KOREA, Republic of (thousand million hwan)														
Money supply	58.1	93.5	120.9	145.1	192.6	209.9	203.8	209.9	211.1	206.9	199.3	199.6	213.6	
Currency: in circulation	40.0	58.8	73.4	86.2	111.1	123.8	102.0	123.8	111.7	117.9	123.6	117.6	129.2	
Deposit money	18.1	34.7	47.6	59.1	81.5	86.3	101.8	86.3	99.4	89.0	75.7	82.0	84.4	
Uncleared checks and bills	4.1	5.9	14.9	12.9	20.5	2.1	2.3	2.1	4.0	25.7	41.0	24.0	27.9	
Time deposits ^a	5.0	10.0	16.9	17.6	24.0	63.4	48.5	63.4	80.3	74.0	62.6	61.7	61.4	
Bank clearings	51.8	107.4	207.7	201.2	226.9	292.3	285.9	322.2	360.1	361.9	404.9	411.2	442.8	
Bank debits	...	...	306.5	361.3	417.5	559.9	549.6	640.4	665.9	661.3	...	676.0	746.0
Government deposits	17.6	33.4	68.0	133.0	125.9	125.0	119.7	125.0	94.0	102.5	124.3	129.7	134.6	
Counterpart funds	16.1	14.2	83.0	114.3	98.9	63.7	76.8	63.7	37.6	39.1	83.0	89.3	84.1	
Foreign assets, Bank of Korea (net)	10.5	24.0	25.5	33.5	49.3	50.5	52.3	50.5	62.0	60.6	66.9	69.5	70.1	
Gross foreign assets	19.0	47.4	48.6	57.0	72.4	72.7	74.5	72.7	90.6	89.3	96.2	98.8	99.5	
Foreign liabilities ^a	8.5	23.4	23.1	23.5	23.1	22.2	22.2	22.2	28.7	28.9	29.3	29.3	29.4	
Claims on private sector	24.2	42.7	76.9	113.5	162.8	187.0	180.7	187.0	212.0	209.9	218.1	220.7	233.6	
Bank of Korea	2.0	5.5	5.8	5.9	5.4	5.9	5.8	5.9	7.9	6.8	6.5	6.5	6.4	
Other banks	22.2	37.2	71.1	107.7	157.4	181.5	175.2	181.1	204.1	203.1	211.7	214.2	227.2	
Claims on government	68.7	111.4	213.5	304.9	308.3	300.0	291.3	300.0	236.9	238.4	282.9	289.0	294.0	
Bank of Korea	67.5	109.5	209.7	299.9	303.4	295.5	286.6	295.5	233.9	235.1	279.0	285.0	290.0	
Other banks	1.3	1.9	3.7	5.0	4.9	4.5	4.8	4.5	3.0	3.3	3.9	4.0	4.0	
Claims on official entities	1.0	3.5	5.4	9.6	17.5	17.4	16.9	17.4	17.9	17.8	18.4	19.0	19.0	
Bank of Korea	0.5	2.7	4.0	8.0	16.0	16.0	16.0	16.0	15.4	16.4	16.4	16.0	16.0	
Commercial banks	0.4	0.8	1.4	1.6	1.5	1.4	1.0	1.4	1.5	1.4	2.0	3.0	3.0	
Exchange rate (official)	180	500	500	500	500	500	500	500	650	650	650	650	650	
PAKISTAN (million rupees)														
Money supply	3,804	4,369	4,921	5,234	5,502	5,762	5,496	5,762	5,886 ^r	5,856	5,738	5,813	5,909	
Currency: in circulation	2,575	2,990	3,464	3,583	3,742	3,844	3,543	3,844	3,944 ^r	3,815	3,659	3,750	3,894	
Deposit money	1,229	1,380	1,457	1,651	1,760	1,918	1,986	1,918	1,942 ^r	2,041 ^r	2,078	2,062	2,015	
Time deposits	807	889	968	1,083	1,180	1,454	1,346	1,454	1,502 ^r	1,439	1,540	1,540	1,566	
Bank clearings	555	593	696	761	789	980	929	1,205	1,197	1,197	1,181	1,281	1,351	
Government deposits	222	163	61	69	65	200	351	200	75	124	126	149	131	
Foreign assets (State Bank of Pakistan) ^a	1,147	1,774	1,854	1,594	1,485	1,908	1,826	1,908	2,000	1,909	1,860	1,874	1,925	
Claims on private sector														
(scheduled banks)	984	1,183	1,256	1,294	1,314	1,509	1,235	1,509	1,690	1,563 ^r	1,539	1,686	1,772	
Claims on government	2,595	2,634	3,250	4,065	4,460	4,526	4,477	4,526	4,538	4,600	...	...	...
State Bank of Pakistan	1,428	1,338	1,848	2,507	2,791	2,658	2,645	2,658	2,698	2,770	2,812	2,828	2,830	
Other banks	937	1,036	1,119	1,260	1,367	1,558	1,532	1,558	1,521	1,517	1,614	1,612	1,608	
Treasury currency	230	260	283	298	302	310	300	310	321	313	301	306	312	
Claims on provincial governments	145	122	117	228	256	271	246	271	221	301	270	290	279	
State Bank of Pakistan	53	12	2	119	122	93	79	93	44	125	74	97	84	
Scheduled banks	92	110	115	109	134	178	166	178	177	176	197	192	194	
Rates of interest (% per annum)														
Call money rate	1.30	1.45	2.04	2.03	1.66	1.53	0.95	1.44	3.85	3.32	2.38	3.72	4.31	
Yield of long-term government bonds ^a	3.14	3.15	3.15	3.20	3.20	3.25	3.23	3.32	3.47	3.48	3.50	3.51	3.52	
Exchange rate (selling)	3.340	4.782	4.805	4.778	4.785	4.790	4.782	4.790	4.775	4.775	4.770	4.762	4.772	

31. CURRENCY AND BANKING (Cont'd) End of period

CURRENCY AND BANKING

	1954	1955	1956	1957	1958	1959	1959		1960					
							III	IV	I	II	III	Oct	Nov	
PHILIPPINES (million pesos)														
Money supply	1,226	1,336	1,499	1,598	1,738	1,842	1,813	1,842	1,810	1,800	1,731	1,821	1,854	
Currency: net active	676	670	718	781	818	894	822	894	875	853	888	896	903	
Deposit money	550	666	780	817	919	948	991	948	935	947	843	925	951	
Private time deposits	526	586	658	803	868	1,032	976	1,032	1,029	1,035	1,087	1,112	1,124	
Bank clearings Δ	550	614	739	876	915	1,058	1,104*	1,050	1,127	...	...	...	...
Bank debits ¹ Δ	815	921	1,145	1,335	1,492	1,768	1,794	1,860	1,985	1,960	...	1,974	1,800	
Government deposits ²	127	185	274	166	224	278	288	278	351	390	349	385	...	
Central Bank of the Philippines	26	52	105	54	153	207	216	207	256	297	273	306	...	
Philippine National Bank	100	133	168	113	71	71	72	71	95	93	76	79	...	
Foreign assets (net)	545	418	450	201	182	311	319	311	316	407	437	450	...	
Central Bank	415	310	322	62	75	165	162	165	177	252	312	313	303	
Other banks	130	108	128	139	107	146	157	146	139	155	125	137	...	
Claims on private sector (other banks)	935	1,106	1,254	1,513	1,588	1,779	1,703	1,779	1,810	1,806	1,872	1,884	1,898	
Claims on government ³	409	591	730	804	929	1,026	972	1,026	1,027	1,019	931	929	...	
Claims on official entities	160	226	268	376	462	501	494	501	506	528	537	559	...	
Central Bank of the Philippines ⁴	115	185	198	315	393	418	408	418	422	442	453	471	...	
Other banks	45	41	68	60	69	84	85	84	84	86	84	88	...	
Exchange rate (selling)	2.358	2.358	2.015	2.015	2.015	2.519	2.519	2.519	2.519	2.519	2.519	2.519	2.418	
Exchange rate (buying)	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	2.015	
THAILAND (million baht)														
Money supply	6,437	7,227	7,728	8,197	8,452	9,083	8,458	9,083	9,313	9,153	9,411	9,554	9,795	
Currency: net active	4,548	5,179	5,424	5,573	5,504	5,785	5,431	5,785	5,904	5,593	5,708	5,723	5,840	
Deposit money	1,888	2,048	2,304	2,624	2,948	3,298	3,027	3,298	3,410	3,560	3,702	3,832	3,955	
Time deposits	632	776	1,192	1,469*	1,770	1,899	1,868	1,899	1,994	2,072	2,239	2,300	2,306	
Government deposits ⁵	583	516	588	639	679	880	843	880	926	928	984	983	1,039	
Bank of Thailand	439	326	438	394	469	474	439	574	473	515	517	528	575	
Deposit money banks	144	180	150	245	212	407	404	407	453	413	467	455	464	
Bank clearings Δ	2,230	2,598	2,816	3,095	3,451	3,764	3,481	3,811	4,121	3,765	3,790	3,877	...	
Bank debits	3,127	3,600	4,698	4,727	5,002	5,495	5,252	5,772	6,279	6,064	6,210	6,545	6,864	
Foreign assets (net)	365	6,078	6,225	6,396	6,124	5,898	6,079	5,898	6,186	6,321	...	...	...
Bank of Thailand . . . . .	...	4,759	5,065	5,401	5,303	5,203	5,335	5,203	5,340	5,388	5,415	5,493	...
Deposit money banks . . . . .	...	67	- 80	- 31	- 4	- 270	- 116	- 270	- 167	- 258	- 322	- 327	...
Exchange Fund . . . . .	...	1,252	1,240	1,026	825	966	860	966	1,014	1,191	...	...	...
Claims on private sector	2,106	2,644	3,219	3,712	4,354	4,913	4,832	4,913	5,254	5,265	5,815	5,934	5,885	
Claims on government	6,070	4,616	5,165	5,641	6,058	6,589	5,993	6,589	6,606	6,272	...	...	...
Treasury bill rate (% per annum) Δ	2.27	2.26	2.28	2.27	2.91	2.99	2.99	2.99	2.99	2.97*	2.99	4.48	4.48	
Exchange rate (selling)	20.88	20.91	20.66	20.90	21.10	21.18	21.19	21.19	21.19	21.19	21.19	21.14	21.14	
VIET-NAM, Republic of (thousand million piastre)														
Money supply . . . . .	...	12.39	12.16	10.97	11.71	14.07	13.44	14.07	15.49	15.37	16.36	16.52	16.60
Currency: net active . . . . .	...	6.78	8.26	7.56	7.86	8.91	8.66	8.91	9.80	10.06	10.69	10.92	11.04
Deposit money . . . . .	...	5.62	3.90	3.41	3.86	5.16	4.78	5.16	5.69	5.31	5.67	5.60	5.56
Time deposits . . . . .	...	0.70	1.26	0.85	1.08	1.15	0.93	1.15	1.07	1.02	1.22	1.27	1.25
Bank clearings Δ	...	3.13	2.86	3.20	3.21	3.43	3.32	3.66	3.83	3.98	4.21	4.18	3.90	
Foreign assets (net) . . . . .	...	4.29	4.58	4.70	5.66	6.19	5.56	6.19	6.57	6.58	7.21	7.38	7.29
Banque Nationale du Viet-Nam	1.05	4.36	4.61	4.40	5.33	5.84	5.39	5.84	6.62	6.47	7.12	7.28	7.19	
Other banks . . . . .	...	-0.06	-0.04	0.30	0.33	0.35	0.17	0.35	0.25	0.12	0.09	0.10	0.10
Claims on private sector . . . . .	...	1.62	1.81	3.22	3.01	3.67	3.62	3.67	3.99	4.15	4.35	4.18	4.13
Claims on government ⁶ . . . . .	...	13.13	12.35	11.62	12.32	13.21	12.85	13.21	13.45	13.00	13.25	13.38	13.52
Exchange rate: . . . . .	...	...	...	...	...	...	...	...	...	...	...	...	...
Official rate	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	
Controlled free rate	—	—	—	73.00	73.50	73.50	73.50	73.50	73.50	73.50	73.50	73.50	73.50	

GENERAL NOTE: *Net active currency:* Total currency outstanding less holdings in all banks including the central bank and in government treasuries. *Exchange rate in circulation:* Total currency outstanding less holdings in all banks including the central bank. *Deposit money:* Private deposits in all banks, subject to cheque or withdrawable on demand, excluding inter-bank liabilities. *Government deposits:* Including government currency holdings. *Bank clearings:* Total value of cheques and other collection items cleared through clearing houses. *Claims on private sector:* Claims by the banking system arising from the rendering of loans and advances, discounting of bills, the holding of securities in private companies, etc. *Claims on government:* Holdings of government bonds, treasury bills and government guaranteed securities by the banking system, plus circulation of treasury currency. *Rates of interest:* Rates prevailing in the capital city, except for India, where Bombay rates are used. *Call money rate* is inter-bank rate on money at call. *Exchange rates* are shown in unit of national currency per US dollar. For the detailed explanation see IMF: International Financial Statistics. Δ Monthly averages or calendar months.

a. Deposits of State Boards in State Commercial Bank (excluding the State Agricultural Bank).
b. Including a constant amount of 99 million kyats, which is the value of a promissory note issued as cover for the currency issue.
c. 5 year treasury bonds.
d. Debts to demand deposits of private sector.

e. 3% national development loan 1965-1970 to earliest redemption date.
f. Including bank's holdings of stocks and debentures.
g. Including the counterpart of post office demand deposits.
h. Cheques sent out for local clearing and debits to current deposit accounts.
i. Running yield of 3% consols 1986 to earliest redemption date.
j. Payments agreement liabilities, mainly to Japan and the Netherlands.
k. Foreign assets were revalued in May 1957. The revaluation proceeds (7 billion riels) are held by the National Bank and are to be used for long term development.
m. Weighted yield (simple rate of interest) to latest redemption date of medium dated government bonds issued during the period stated.
n. Including deposits of local government and government institutions in commercial banks and non-governmental foreign currency deposits in Bank of Korea.
p. Clearing accounts with Japan.
q. Including outstanding assets receivable from the Reserve Bank of India under the partition agreements; excluding foreign assets of Banking Department.
r. Yield to maturity of 3% bonds 1968.
s. Total debits to checking account of private sector.
t. Including a constant amount of 107 million pesos from 1952, representing the difference between foreign assets transferred from the Treasury and its note and coin issue, for which the Bank assumed liability.
v. July.

PUBLIC FINANCE

32. GOVERNMENT REVENUE AND EXPENDITURE

Millions

	Type of account	Total revenue	Total expenditure	Balance		Type of account	Total revenue	Total expenditure	Balance
AFGHANISTAN (afghanis)					IRAN (rials)				
Mar-Sept 1957	A	584	740	- 176	1955/56	PR	17,353	23,445	-6,092
1957/58	A	1,469	1,388	+ 81	1956/57	PR	23,969	30,829	-6,860
1958/59	RE	1,473	1,685	- 212	1957/58	PR	32,894	39,660	-6,766
1959/60	DE	1,916	2,429	- 513	1958/59	PR	42,924	49,988	-7,064
BRUNEI (Malayan dollars)					1959/60	DE	46,389	60,445	-14,056
1955	A	104.1	43.0	+ 61.1	JAPAN (thousand million yen)				
1956	A	117.5	47.4	+ 70.1	1955/56	A	1,033	1,044	- 11
1957	A	130.4	57.8	+ 72.6	1956/57	A	1,188	1,099	+ 89
1958	A	129.5	63.9	+ 65.6	1957/58	A	1,332	1,221	+ 111
1959	RE	123.0	75.3	+ 47.7	1958/59	A	1,256	1,357	- 101
1960	DE	118.1	55.5	+ 62.6	1959/60	RE	1,433	1,554	- 120
BURMA (kyat)					1960/61	DE	1,590	1,669	- 79
1955/56	A	723	1,006	- 283	KOREA, Republic of (Thousand million hwan)				
1956/57	A	1,049	1,137	- 88	1957	A	162.3	362.7	-200.4
1957/58	A	1,006	1,276	- 270	1958	A	199.1	405.3	-206.2
1958/59	A	959	1,300	- 341	1959	DE	255.6	407.4	-151.8
1959/60	RE	1,080	1,341	- 261	1960	DE	310.7	446.7	-136.0
1960/61	DE	1,078	1,323	- 245	LAOS (hips)				
CAMBODIA (riels)					1955	E	424	1,155	- 731
1955		1,637 E	2,475 RE	- 838	1956	E	490	1,169	- 679
1956		1,721 E	1,755 A	- 34	1957/58	RE	802	1,374	- 572
1957	DE	1,899	2,250	- 351	1958/59	RE	648	1,824	-1,176
1958	DE	2,433	2,650	- 217	1959/60	RE	729	2,093	-1,364
1959	DE	2,630	3,140	- 510	1960/61	DE	987	3,210	-2,223
CEYLON (rupees)					NEPAL (rupees)				
1955/56	A	1,166	1,232	- 66	1955/56	A	33.6	45.2	- 11.6
1956/57	A	1,160	1,405	- 245	1956/57	RE	42.9	48.1	- 5.2
1957/58	A	1,171	1,444	- 273	1957/58	E	57.6	65.7	- 8.1
1958/59	A	1,214	1,656	- 442	1958/59	RE	76.4	79.8	- 3.4
1959/60	DE	1,251	1,694	- 443	1959/60	RE	86.6	163.9	- 77.3
1960/61	DE	1,511	1,840	- 329	1960/61	DE	118.7	377.2	-258.5
CHINA (mainland, yuan)					NORTH BORNEO (Malayan dollars)				
1955	A	27,203	29,347	-2,144	1955	A	28.4	39.2	- 10.8
1956	A	28,743	30,574	-1,831	1956	A	32.3	41.1	- 8.8
1957	A	31,010	30,420	+ 590	1957	A	33.9	45.3	-11.4
1958	A	41,860	40,960	+ 900	1958	A	35.9	54.8	-18.9
1959	A	54,160	52,770	+1,390	1959	A	44.4	46.6	- 2.2
CHINA (Taiwan, new Taiwan dollars)					1960	RE	55.9	57.4	- 1.5
1955/56	A	3,947	3,798	- 149	1961	DE	56.0	75.6	- 19.6
1956/57	A	4,226	4,226	-	PAKISTAN (rupees)				
1957/58	A	5,454	5,408	+ 46	1955/56	A	1,343	1,972	- 629
1958/59	A	7,068	7,019	+ 49	1956/57	A	1,371	1,998	- 627
1960/61	DE	6,213	6,213	-	1957/58	A	1,555	2,730	-1,175
FEDERATION OF MALAYA (Malayan dollars)					Apr 1958/Jun 1959	A	2,160	3,328	-1,168
1955	A	822	897	- 75	1959/60	RE	1,721	3,179	-1,458
1956	A	893	1,014	- 121	1960/61	DE	1,876	3,322	-1,446
1957	A	874	989	- 114	PHILIPPINES (pesos)				
1958	A	816	1,043	- 227	1955/56	A	862	980	- 118
1959	RE	918	1,097	- 179	1956/57	A	977	1,057	- 80
1960	DE	926	1,229	- 303	1957/58	A	1,015	1,086	- 71
HONG KONG (Hong Kong dollars)					1958/59	RE	1,021	1,063	- 42
1955/56	A	427	400	+ 27	1959/60	DE	1,234	1,215	+ 19
1956/57	A	473	477	- 4	SARAWAK (Malayan dollars)				
1957/58	A	546	531	+ 15	1955	A	48.9	43.6	+ 5.3
1958/59	A	595	585	+ 10	1956	A	50.4	59.4	- 9.0
1959/60	A	633	721	- 88	1957	A	50.6	69.9	-19.3
1960/61	DE	671	993	- 322	1958	A	58.3	71.8	-13.5
INDIA (rupees)					1959	A	66.6	75.7	- 9.1
Central Government					1960	RE	78.6	87.5	- 8.9
1955/56	A	6,808	10,061	-3,453	1961	DE	73.3	107.9	-34.6
1956/57	A	7,658	11,678	-4,020	SINGAPORE (Malayan dollars)				
1957/58	A	9,219	16,032	-6,813	1955	A	208	221	- 13
1958/59	A	9,644	17,053	-7,409	1956	A	231	252	- 21
1959/60	RE	10,713	18,946	-8,233	1957	A	242	277	- 35
1960/61	DE	11,624	20,170	-8,546	1958	A	271	337	- 66
States					1959	A	274	251	+ 23
1955/56	RE	5,601	9,476	-3,875	1960	DE	289 DE	330 RE	...
1956/57	DE	5,770	10,344	-4,574	1961	DE	345	477	- 132
1957/58	A	7,142	9,739	-2,597	THAILAND (baht)				
1958/59	A	8,166	10,781	-2,615	1955	A	4,367	4,968	- 601
1959/60	RE	8,881	12,475	-3,594	1956	A	5,076	5,605	- 529
1960/61	DE	9,446	13,487	-4,041	1957	A	5,168	5,745	- 577
INDONESIA (rupiah)					1958	A	5,585	6,013	- 428
1955	PR	14,226	16,316	-2,090	1959	A	6,038	6,498	- 460
1956	PR	18,451	20,015	-1,564	1960	DE	6,520	6,895	- 375
1957	PR	20,571	25,610	-5,039	Jan-Sep 1961	DE	5,520	5,936	- 416
1958	PR	23,273	35,313	-12,040	VIET-NAM, Republic of (piastres)				
1959	PR	30,571	44,350	-13,779	1956		7,251 A	12,471 DE	...
					1957	DE	8,461	14,160	- 5,699
					1958	A	9,083	14,134	- 5,051
					1959	DE	9,791	15,276	- 5,485
					1960	DE	9,727	14,778	- 5,051

PUBLIC FINANCE

33. MAJOR COMPONENTS OF TAX REVENUE

Millions

	Type of account	Total revenue	Tax revenue	Tax on income and wealth	Land tax	Customs duties			Transaction and consumption taxes	Licences, stamp duties, registration fees, etc.	Other tax revenue
						Total	Import duties	Export duties			
AFGHANISTAN (afghanis)											
Mar-Sept 1957	A	564	520	158	2	277	...	...	37	28	21
1957/58	A	1,469	1,236	252	44	706	...	...	152	59	23
1958/59	RE	1,473	1,309	244	42	760	...	...	183	65	15
1959/60	DE	1,916	1,407	217	40	885	...	...	206	44	15
BRUNEI (Malayan dollars)											
1955	A	104.1	54.4	50.1	—	4.0	3.8	0.2	—	0.2	0.1
1956	A	117.5	59.1	54.5	—	4.3	4.2	0.1	—	0.3	—
1957	A	130.4	62.4	57.7	—	4.4	4.3	0.1	—	0.3	—
1958	A	129.5	63.8	59.5	—	4.0	3.9	0.1	—	0.3	—
1959	RE	123.0	59.9	56.0	—	3.5	3.4	0.1	—	0.4	—
1960	DE	118.1	58.6	54.7	—	3.4	3.3	0.1	—	0.4	0.1
BURMA (kyats)											
1955/56	A	723	654	224	22	214	197	17	115	16	63
1956/57	A	1,049	909	264	25	298	279	19	147	19	156
1957/58	A	1,006	834	228	28	279	256	23	171	21	107
1958/59	A	959	715	193	42	231	208	23	170	14	65
1959/60	RE	1,080	871	228	35	305	282	23	202	21	80
1960/61	DE	1,078	881	235	36	297	275	22	207	21	85
CAMBODIA (riels)											
1955	E	1,637	1,276	97	29	624	...	...	288	132	106
1956	E	1,721	1,548	121	42	361	291	70	673	191	160
1957	E	1,899	1,561	111	17	410	347	63	673	190	160
1958	E	2,433	2,096	158	14	639	586	53	711	300	274
1959	E	2,630	2,251	168	15	645	558	87	733	333	357
CEYLON (rupees)											
1955/56	A	1,166	1,034	314	—	608	286	322	70	23	19
1956/57	A	1,160	1,042	283	—	628	304	324	81	25	25
1957/58	A	1,171	1,044	279	—	617	292	325	93	19	36
1958/59	A	1,214	1,075	218	—	696	367	329	108	25	28
1959/60	RE	1,257	1,113	209	—	709	389	320	135	25	35
1960/61	DE	1,511	1,348	368	—	769	431	338	140	36	35
FED. OF MALAYA (Malayan dollars)											
1955	A	822	677	117	—	486	251	235	22	34	18
1956	A	893	722	148	—	493	276	217	24	39	18
1957	A	874	695	132	—	475	295	180	27	44	17
1958	A	816	629	126	—	419	282	137	26	50	8
1959	RE	918	736	132	—	518	293	225	25	51	10
1960	DE	926	742	163	—	491	342	149	24	54	10
HONG KONG (Hong Kong dollars)											
1955/56	A	427	307	154	—	71	71	—	28	46	8
1956/57	A	473	338	171	—	80	80	—	31	48	8
1957/58	A	546	377	194	—	86	86	—	33	53	11
1958/59	A	595	403	212	—	92	92	—	34	53	12
1959/60	A	633	427	220	—	105	105	—	32	57	13
1960/61	DE	671	457	224	—	139	139	—	31	50	13
INDIA (rupees)											
Central Government											
1956/57	A	7,658	4,938	1,444	—	1,732	1,405	327	...	...	1,762
1957/58	A	9,219	5,754	1,538	—	1,800	1,509	291	...	...	2,416
1958/59	A	9,644	5,530	1,626	—	1,383	1,165	218	...	...	2,521
1959/60	RE	10,713	6,118	1,649	—	1,600	1,382	218	...	...	2,869
1960/61	DE	11,624	6,767	1,973	—	1,600	1,411	189	...	...	3,194
States											
1955/56	RE	5,601	3,495	651	803	—	—	—	1,488	425	128
1956/57	DE	5,770	3,667	636	927	—	—	—	1,515	449	140
1957/58	A	7,142	4,720	860	877	—	—	—	2,240	542	201
1958/59	A	8,166	5,371	893	919	—	—	—	2,759	600	200
1959/60	RE	8,881	5,540	931	971	—	—	—	2,791	616	231
1960/61	DE	9,446	5,541	741	1,008	—	—	—	2,883	648	261
INDONESIA (rupiah)											
1955	PR	14,226	9,866	3,081	8	1,860	1,106	754	4,705	98	114
1956	PR	18,451	13,683	3,121	11	2,296	1,872	424	8,033	114	108
1957	PR	20,571	13,791	3,457	11	1,990	1,791	199	7,998	147	188
1958	PR	23,273	13,902	3,989	11	1,829	1,644	185	7,592	147	334
1959	PR	30,571	...	5,310	12	2,172	1,856	316	5,024	137	365
IRAN (rials)											
1955/56	PR	17,353	16,161	1,214	...	4,316	...	...	...	...	10,631
1956/57	PR	23,969	23,057	1,593	...	5,337	...	...	...	...	16,127
1957/58	PR	32,894	31,870	2,241	...	7,302	...	...	...	...	22,327
1958/59	PR	42,924	39,914	4,198	...	9,985	...	...	...	...	25,731
1959/60	DE	46,389	42,532	3,712	...	11,138	...	...	...	...	27,682

PUBLIC FINANCE

33. MAJOR COMPONENTS OF TAX REVENUE (Cont'd)

Millions

	Type of account	Total revenue	Tax revenue	Tax on income and wealth	Land tax	Customs duties			Transaction and consumption taxes	Licences, stamp duties, registration fees, etc.	Other tax revenue
						Total	Import duties	Export duties			
JAPAN (thousand million yen)											
1955/56	A	1,033	936	481	—	27	...	...	428	—	—
1956/57	A	1,188	1,087	577	—	46	...	...	464	—	—
1957/58	A	1,332	1,249	628	—	51	...	...	570	—	—
1958/59	A	1,256	1,157	603	—	51	...	...	503	—	—
1959/60	RE	1,433	1,301	665	—	79	...	...	557	—	—
1960/61	DE	1,590	1,472	784	—	89	...	...	599	—	—
KOREA, Republic of (thousand million hwan)											
1957	A	162.3	136.0	26.7	27.7	23.8	...	...	35.5	2.8	19.5
1958	A	199.1	168.7	32.2	20.2	29.6	...	...	41.2	4.8	40.7
1959	DE	255.6	222.7	42.4	20.3	32.2	...	...	50.9	7.6	69.3
1960	DE	310.7	265.9	51.0	18.5	41.1	...	...	60.4	9.1	85.8
LAOS (kips)											
1955	E	424	242	9	—	100	100	—	115	11	7
1956	E	490	464	44	—	251	251	—	129	33	7
1957/58	RE	802	768	259	—				509		
1958/59	RE	648	586	200	...				386		
1959/60	RE	729	660	112	...				548		
1960/61	DE	987	808	307	...				501		
NEPAL (rupees)											
1955/56	A	33.6	...	...	...	12.6	...	...	2.2	...	...
1956/57	RE	42.9	...	...	...	18.5	...	...	2.8	...	...
1957/58	E	57.6	...	...	...	23.5	...	...	4.0	...	...
1958/59	RE	76.4	57.5	...	18.4	27.9	...	...	6.5	...	4.7
1959/60	RE	86.6	52.9	...	15.5	28.2	...	...	4.1	...	5.1
1960/61	DE	118.7	77.9	...	28.4	33.5	...	...	6.4	...	9.6
NORTH BORNEO (Malayan dollars)											
1955	A	28.4	20.7	1.9	0.1	16.5	9.5	7.0	—	0.4	1.8
1956	A	32.3	23.1	3.0	0.1	18.0	11.5	6.5	—	0.5	1.5
1957	A	33.9	23.9	3.0	0.1	18.9	12.9	6.0	—	0.6	1.3
1958	A	35.9	24.5	3.2	—	18.9	12.7	6.2	—	0.7	1.7
1959	A	44.4	28.8	3.2	—	23.1	14.7	8.4	—	1.1	1.4
1960	RE	55.9	36.6	5.7	—	28.5	18.1	10.4	—	1.1	1.3
1961	DE	56.0	34.0	5.6	—	25.8	18.0	7.8	—	1.1	1.5
PAKISTAN (rupees)											
1955/56	A	1,343	968	198	—	509	...	...	222	6	33
1956/57	A	1,371	983	208	6	471	...	...	263	7	28
1957/58	A	1,555	1,033	250	1	421	...	...	319	7	35
Apr 1958/Jun 1959	A	2,160	1,382	414	1	491	...	...	419	10	47
1959/60	RE	1,721	1,215	299	1	458	...	...	408	9	40
1960/61	DE	1,876	1,280	299	1	451	...	...	508	9	12
PHILIPPINES (pesos)											
1955/56	A	862	738	142	—	247	247	—	135	190	24
1956/57	A	977	821	154	—	274	274	—	155	201	37
1957/58	A	1,015	812	162	—	262	262	—	170	180	38
1958/59	RE	1,021	803	167	—	219	219	—	178	167	72
1959/60	DE	1,234	1,058	175	—	432	432	—	182	175	94
SARAWAK (Malayan dollars)											
1955	A	48.9	38.2	6.5	—	27.8	13.5	14.3	1.3	0.5	2.1
1956	A	50.4	37.8	7.3	—	26.0	13.9	12.1	1.3	0.6	2.6
1957	A	50.6	38.1	8.5	—	25.4	15.2	10.2	1.2	0.7	2.3
1958	A	58.3	43.2	12.1	—	25.8	16.7	9.1	1.4	1.2	2.7
1959	A	66.6	52.2	10.1	—	36.8	19.9	16.7	1.8	1.1	2.6
1960	RE	78.6	63.3	11.7	—	46.0	25.5	20.5	2.0	1.2	2.4
1961	DE	73.3	56.9	13.2	—	38.3	23.3	15.0	2.2	1.2	2.0
SINGAPORE (Malayan dollars)											
1955	A	208	157	64	—	68	68	—	18	3	4
1956	A	231	177	73	—	75	75	—	19	4	6
1957	A	242	189	70	—	85	85	—	21	6	7
1958	A	271	195	70	—	91	91	—	20	8	8
1959	A	274	202	80	—	88	88	—	21	8	5
1960	DE	269	209	73	—	100	100	—	21	9	6
1961	DE	345	259	119	—	94	94	—	25	10	11
THAILAND (baht)											
1955	A	4,367	3,990	312	—	1,648	1,296	352	1,189	193	648
1956	A	5,076	4,650	354	—	1,816	1,413	403	1,277	189	1,014
1957	A	5,168	4,681	380	—	1,901	1,490	411	1,233	196	971
1958	A	5,585	5,105	405	—	1,907	1,614	293	1,561	241	991
1959	A	6,038	5,272	428	—	2,212	1,804	408	1,520	147	965
1960	DE	6,520	5,968	594	—	2,316	1,940	376	1,747	241	1,070
Jan-Sep 1961	DE	5,520	4,979	513	—	1,975	1,706	269	1,392	155	844
VIET-NAM, Republic of (piastres)											
1957	DE	8,461	7,074	729	140	1,702	1,702	—	3,934	407	162
1958	A	9,083	8,129	470	140	2,223	2,223	—	4,498	...	798
1959	DE	9,791	7,798	520	142	2,406	2,406	—	3,176	...	1,554
1960	DE	9,727	7,244	530	...	2,054	2,054	—	4,581	...	79

PUBLIC FINANCE

34. MAJOR COMPONENTS OF GOVERNMENT EXPENDITURE

Millions

	Type of account	Total expenditure	Defence	Subsidies	Economic services	Social services	Contributions to provincial and local gov'ts	Other current expenditure	Investment	Loans and advances (net)
AFGHANISTAN (afghanis)										
Mar-Sept 1957	A	740	194	...	69	62	...	163	252	...
1957/58	A	1,388	444	...	177	121	...	272	374	...
1958/59	A	1,685	547	...	232	156	...	329	421	...
1959/60	DE	2,429	664	...	361	253	...	428	723	...
BRUNEI (Malayan dollars)										
1955	A	43.0	—	—	3.2	2.9	—	13.1	—	23.8
1956	A	47.4	—	—	4.8	4.0	—	10.8	—	27.8
1957	A	57.8	—	—	5.2	5.3	—	13.3	—	34.0
1958	A	63.9	—	—	3.7	6.0	—	12.6	—	41.6
1959	RE	75.3	—	—	4.7	8.1	—	11.4	—	51.1
1960	DE	55.5	—	—	5.4	11.4	—	10.8	—	27.9
BURMA (kyat)										
1955/56	A	1,006	353	—	49	132	27	246	77	122
1956/57	A	1,137	368	—	57	150	29	281	79	173
1957/58	A	1,276	408	—	66	168	39	301	114	180
1958/59	A	1,300	403	—	63	165	39	335	107	188
1959/60	RE	1,341	439	—	62	177	26	340	151	146
1960/61	DE	1,323	409	—	65	183	28	339	159	140
CAMBODIA (rials)										
1955	RE	2,475	1,107	...	89	399	16	728	136	...
1956	A	1,755	610	—	89	482	...	384	190	...
1957	DE	2,250	640	—	129	661	...	485	335	...
1958	DE	2,650	657	—	151	809	...	619	414	...
1959	DE	3,140	827	—	179	956	...	642	536	...
CEYLON (rupees)										
1954/55	A	984	26	—	142	249	23	195	352	3
1955/56	A	1,232	30	80	133	282	24	260	344	79
1956/57	A	1,405	34	105	138	321	26	393	224	164
1957/58	A	1,444	64	112	149	360	32	249	465	13
1958/59	A	1,656	72	146	173	421	35	348	405	56
1959/60	DE	1,694	79	108	190	429	36	332	520	—
1960/61	DE	1,840	86	200	206	466	37	366	460	19
FED. OF MALAYA (Malayan dollars)										
1955	A	897	160	—	35	158	—	325	—	219
1956	A	1,014	148	—	57	166	—	331	—	312
1957	A	989	161	—	61	172	—	347	—	248
1958	A	1,043	162	—	46	216	—	365	—	254
1959	RE	1,097	157	—	55	248	—	358	—	279
1960	DE	1,229	140	—	61	265	—	389	—	374
HONG KONG (Hong Kong dollars)										
1955/56	A	400	24	—	40	91	—	123	108	14
1956/57	A	477	25	—	43	106	—	129	145	29
1957/58	A	531	28	—	48	120	—	151	162	22
1958/59	A	585	26	—	53	143	—	138	178	47
1959/60	A	721	36	—	63	183	—	209	189	41
1960/61	DE	993	35	—	80	240	—	230	322	86
INDIA (rupees)										
Central Government										
1956/57	A	11,678	2,174	13	...	...	657	2,872	3,162	2,800
1957/58	A	16,032	2,828	258	...	...	1,009	3,047	5,219	3,671
1958/59	A	17,053	2,787	166	...	...	1,241	3,467	5,522	3,870
1959/60	RE	18,946	2,802	141	...	...	1,623	4,119	5,003	5,258
1960/61	DE	20,170	3,100	119	...	...	2,069	4,600	5,045	5,237
States										
1955/56	RE	9,476	—	...	1,319	1,539	—	2,700	3,134	784
1956/57	DE	10,344	—	...	1,530	1,742	—	2,673	3,758	841
1957/58	A	9,739	—	...	1,540	1,820	—	2,983	2,964	432
1958/59	A	10,781	—	...	1,738	2,051	—	3,452	2,772	768
1959/60	RE	12,475	—	...	1,989	2,374	—	3,665	3,422	1,025
1960/61	DE	13,487	—	...	2,333	2,593	—	3,833	3,061	1,667
INDONESIA (rupiah)										
1955	PR	16,316	3,937	...	1,476	1,564	...	8,424	915	...
1956	PR	20,015	4,379	...	869	1,939	...	11,910	918	...
1957	PR	25,610	6,051	...	1,082	2,334	...	15,078	1,065	...
1958	PR	35,313	11,085	...	1,404	2,884	...	18,646	1,294	...
1959	PR	44,350	14,071	...	1,927	3,124	...	23,279	1,949	...
IRAN (rials)										
1955/56	PR	23,445	5,298	510	...	...	—	8,797	8,185	655
1956/57	PR	30,829	6,457	330	...	...	—	9,516	10,538	3,988
1957/58	PR	39,660	8,378	464	...	...	—	14,084	16,804	130
1958/59	PR	49,988	13,242	900	...	...	—	16,941	18,073	832
1959/60	DE	60,445	17,005	920	...	...	—	21,383	19,637	1,500

PUBLIC FINANCE

34. MAJOR COMPONENTS OF GOVERNMENT EXPENDITURE (Cont'd)

Millions

	Type of account	Total expenditure	Defence	Subsidies	Economic services	Social services	Contributions to provincial and local gov'ts	Other current expenditure	Investment	Loans and advances (net)
JAPAN (thousand million yen)										
1955/56	A	1,044	148	7	...	359	182	185	152	11
1956/57	A	1,099	150	3	...	376	191	191	156	32
1957/58	A	1,221	176	32	...	408	233	198	170	4
1958/59	A	1,357	178	2	...	436	258	259	200	24
1959/60	RE	1,554	189	3	...	508	292	275	281	6
1960/61	DE	1,669	182	13	...	557	320	272	323	2
KOREA, Republic of (thousand million hwan)										
1957	A	362.7	112.9	8.7	8.4	38.4	15.4	36.1	90.8	52.0
1958	A	405.3	127.8	4.2	9.0	51.3	17.1	43.8	86.9	65.2
1959	E	407.4	141.1	1.2	10.8	64.0	24.6	63.9	67.4	34.4
1960	E	446.7	149.0	1.4	10.6	72.2	25.6	73.7	75.1	39.1
LAOS (kips)										
1955	E	1,155	36	—	76	168	1	266	587	21
1956	E	1,169	49	—	108	265	1	344	344	58
1957/58	RE	1,374	4	...	...	...	...	592	778	...
1958/59	RE	1,824	5	...	...	...	...	978	841	...
1959/60	RE	2,093	8	...	...	...	...	884	1,201	...
1960/61	DE	3,210	31	...	...	...	...	1,183	1,996	...
NEPAL (rupees)										
1955/56	A	45.2	14.0	...	...	...	...	18.6	12.6	...
1956/57	RE	48.1	15.3	...	...	...	...	19.3	13.5	...
1957/58	E	65.7	15.9	...	...	...	...	31.1	18.7	...
1958/59	RE	79.8	14.3	...	...	...	...	34.0	31.5	...
1959/60	RE	163.9	13.4	...	...	...	...	71.6	78.9	...
1960/61	DE	377.2	15.5	...	...	...	...	102.6	259.1	...
NORTH BORNEO (Malayan dollars)										
1955	A	39.2	—	—	2.9	3.5	—	8.8	24.0	—
1956	A	41.1	—	—	4.2	4.3	—	11.6	21.0	—
1957	A	45.3	—	—	5.3	5.2	—	12.3	22.5	—
1958	A	54.8	—	—	6.0	5.5	—	13.5	29.8	—
1959	A	46.6	—	—	5.7	6.2	—	15.3	19.4	—
1960	RE	57.4	—	—	7.1	7.7	—	16.6	26.0	—
1961	DE	75.6	—	—	8.3	9.2	—	17.6	40.5	—
PAKISTAN (rupees)										
1955/56	A	1,972	821	...	...	30	32	471	297	321
1956/57	A	1,998	784	...	...	29	42	515	354	274
1957/58	A	2,730	696	...	...	37	41	638	711	607
Apr 1958/Jun 1959	A	3,328	995	...	...	43	53	997	800	440
1959/60	RE	3,179	965	...	...	47	41	597	911	618
1960/61	DE	3,322	971	...	...	54	25	736	840	696
PHILIPPINES (pesos)										
1955/56	A	980	166	...	122	268	56	85	283	...
1956/57	A	1,057	157	...	158	282	61	110	289	...
1957/58	A	1,086	181	...	147	315	74	134	235	...
1958/59	RE	1,063	180	...	163	334	61	127	198	...
1959/60	DE	1,215	185	...	191	363	70	151	255	...
SARAWAK (Malayan dollars)										
1955	A	43.6	0.1	—	5.6	5.2	—	14.5	17.7	0.5
1956	A	58.4	—	—	7.3	10.6	—	16.5	23.3	1.7
1957	A	69.9	—	—	8.7	12.6	—	19.6	25.9	3.1
1958	A	71.8	—	—	9.0	14.2	—	19.1	28.7	0.8
1959	A	75.7	—	—	9.3	15.3	—	20.0	30.8	0.3
1960	RE	87.5	—	—	10.6	16.4	—	21.3	39.1	0.1
1961	DE	107.9	—	—	12.3	17.8	—	25.2	52.3	0.3
SINGAPORE (Malayan dollars)										
1955	A	221	10	—	12	63	—	80	56	...
1956	A	252	10	—	19	78	—	85	60	...
1957	A	277	9	—	17	89	—	113	49	...
1958	A	337	11	—	18	100	—	127	81	...
1959	A	251	8	—	15	104	—	93	31	...
1960	RE	330	8	—	16	109	—	85	112	...
1961	DE	477	8	—	24	156	—	102	187	...
THAILAND (baht)										
1955	A	4,968	855	—	100	355	79	2,500	1,079	—
1956	A	5,605	817	—	109	438	84	3,278	881	—
1957	A	5,745	1,567	—	240	1,107	65	1,880	886	—
1958	A	6,013	1,390	—	304	1,497	47	1,813	962	—
1959	A	6,498	1,439	22	473	1,555	109	1,628	1,272	—
1960	DE	6,895	1,422	18	459	1,791	121	1,857	1,227	—
Jan-Sep 1961	DE	5,936	1,078	26	408	1,427	103	1,525	1,354	15
VIET-NAM, Republic of (piastres)										
1957	DE	14,160	6,362	—	684	1,057	1,355	4,335	367	—
1958	A	14,134	6,017	—	...	...	...	5,197	2,920	—
1959	DE	15,276	6,173	—	...	...	...	5,429	3,674	—
1960	DE	14,778	5,970	—	...	...	...	4,877	3,931	—

PUBLIC FINANCE

GENERAL NOTES:

(for tables 32, 33 and 34)

A = Accounts, E = Estimates, DE = Draft estimates, RE = Revised estimates, PR = Provisional results.

Figures generally relate to central government transactions only unless otherwise stated.

In general, only the net results of public enterprises and fiscal monopolies are included; positive balances are shown under revenue and negative balances under expenditure. Currency and mint transactions are excluded. Interest charges to public enterprises and entities are included in revenue and not deducted from interest payments on the expenditure side.

REVENUE

Total revenue: excluding proceeds from loans, other forms of borrowing, grants and aid, transfers from reserve funds, and counterpart funds.

Transaction and consumption taxes: excise duties, turnover taxes, sales taxes and entertainment duties.

EXPENDITURE

Total expenditure: including current expenditure, capital outlays, and loans and advances (net) granted by the government but excludes debt redemption, contributions to sinking funds and transfers to reserve funds.

Defence: including defence capital outlay. Expenditure on military pensions is included in "other current expenditure".

Economic services: including current expenditure on agriculture, forests, industrial development, scientific and technical research, irrigation, public works, ports, light houses, commerce, planning, etc.

Social services: including current expenditure on education, health, social welfare, relief, etc.

Contributions to provincial and local governments: including contributions towards meeting current expenditures.

Investment: covers capital outlays of public works department, including maintenance, and of government enterprises and other departments and grants to provinces and local authorities for the same purposes.

Loans and advances (net): mainly granted to provinces, local authorities, public and private undertakings for capital outlay.

COUNTRY NOTES:

(for tables 32, 33 and 34)

AFGHANISTAN

Transactions of postal and telecommunications are included on a gross basis.

Expenditure: Defence: including total expenditure of Ministry of Interior and Tribal Affairs Department. Investment: developmental expenditure.

BURMA

Revenue: other tax revenue including contributions from the State Marketing Boards. Japanese reparation receipts are excluded.

CAMBODIA

Revenue: A number of transaction and consumption taxes are included under customs duties for 1955.

Expenditure: 1956-1958, expenditures financed by external aid are excluded.

CEYLON

Revenue: Tax on income and wealth: including pension contribution from government employees.

Expenditure: Subsidies: food subsidies only.

CHINA: MAINLAND

Sources: Tung Chi Kung Tso (Statistical Bulletin), issue No. 12, 29 June 1957; Tsai Cheng (Finance), issue No. 8, 5 August 1957; Finance Minister's accounts, People's Daily, Peking, 16 June 1956; Takung Pao, Peking, 12 February 1958.

Figures relate to the combined receipts and expenditure of the central and local governments.

CHINA: TAIWAN

Revenue: includes proceeds from domestic loans, other forms of borrowing, grants and aid; and counterpart funds.

Expenditure: including some repayment of debt.

FEDERATION OF MALAYA

Figures relate to the combined receipts and expenditure of the governments of the Federation and the States and Settlements. Transactions of postal and telecommunications are included on a gross basis.

Expenditure: including advances and payments to the War Damage Fund. Defence: including the emergency expenditure of the Police Department. Investment and loans and advances (net): public works, telecommunications and development loan expenditure.

INDIA

Central government: Revenue: excluding taxes transferred to the states.

Expenditure: excluding transactions of state trading schemes. Subsidies: loss on imported steel. Investment: including capital transferred to displaced persons and minor amounts to private enterprises. Loans and advances (net): mostly to state governments, local governments, and government enterprises.

States: Total revenue: excluding loans but including grants received and taxes transferred from the central government.

Expenditure: Social services: expenditure on education and health only. Loans and advances (net): loans to municipalities, local bodies, etc.

INDONESIA

All accounts are shown "gross" i.e. certain incomes directly related to the various expenditure items have not been deducted from expenditures.

Revenue: Transactions and consumption taxes: including foreign exchange levies, except for 1959, for which figures are not available.

Expenditure: Economic services: including certain capital expenditures of Ministry of Economic Affairs and Ministry of Agriculture. Investment: covers total expenditure of Ministry of Communication and Public Works and Energy. Other expenditure: including financing services, and a substantial amount of expenditure on security measures.

IRAN

Land tax: included under Tax on income and wealth. Other tax revenue: includes oil revenue, monopoly profits etc.

Expenditure: Investment: includes capital outlay of Plan Organization, other direct capital outlay and grants for capital purposes.

JAPAN

Figures represent transactions of general account, special account for debt management and special account for local grants and shared taxes as well as other special accounts of administrative nature. Special accounts for trading, manufacturing, banking, insurance and other public undertakings are excluded. Capital transfers are wholly included.

Expenditure: Social services: including social security, civil pensions, etc. Other current expenditure: including some capital expenditure. Investment expenditure on public works only. Loans and advances (net): including purchases of securities.

KOREA, REPUBLIC OF

Figures represent transactions of the whole central government sector.

Revenue: Land tax: including tax on land income. Other tax revenue: including tax on foreign exchange.

Expenditure: Social Services: including transfers to local school authorities. Loans and advances (net): including purchases of ownership rights.

LAOS

Expenditure: Investment: the figure for 1955 includes an amount of 553.3 million kips financed directly by foreign aid. Defence: excluding considerable amounts of defence expenditures financed by foreign aid. Other current expenditure: includes a substantial amount of unforeseen expenditures, transportation expenses, etc. which could not be distributed.

NEPAL

Revenue: Transaction and consumption taxes; excise duties only. Expenditure: Investment: developmental expenditure.

PAKISTAN

Revenue: excluding receipts from sales of foreign aid fund supplies. Total tax revenue: excluding taxes transferred to state governments.

Expenditure: including expenditures met from railway, postal development and other funds, excluding currency capital outlays and state trading schemes. Social services: expenditure on education and health only. Contributions to provincial and local governments: grants to states other than those met from funds, mainly for development but also general grants for meeting current expenditures.

PHILIPPINES

Revenue: import duties: include excise duties on imports; also include foreign exchange tax in 1955 and 1956. Transaction and consumption taxes: consist of excise taxes on domestic products and forest products. Licences, stamp duties, registration fees, etc.: consist of licences and business taxes, and documentary stamps.

SINGAPORE

The main reason for the large increase of revenue and expenditure for 1961 is the integration of the City Council into the Shared Government.

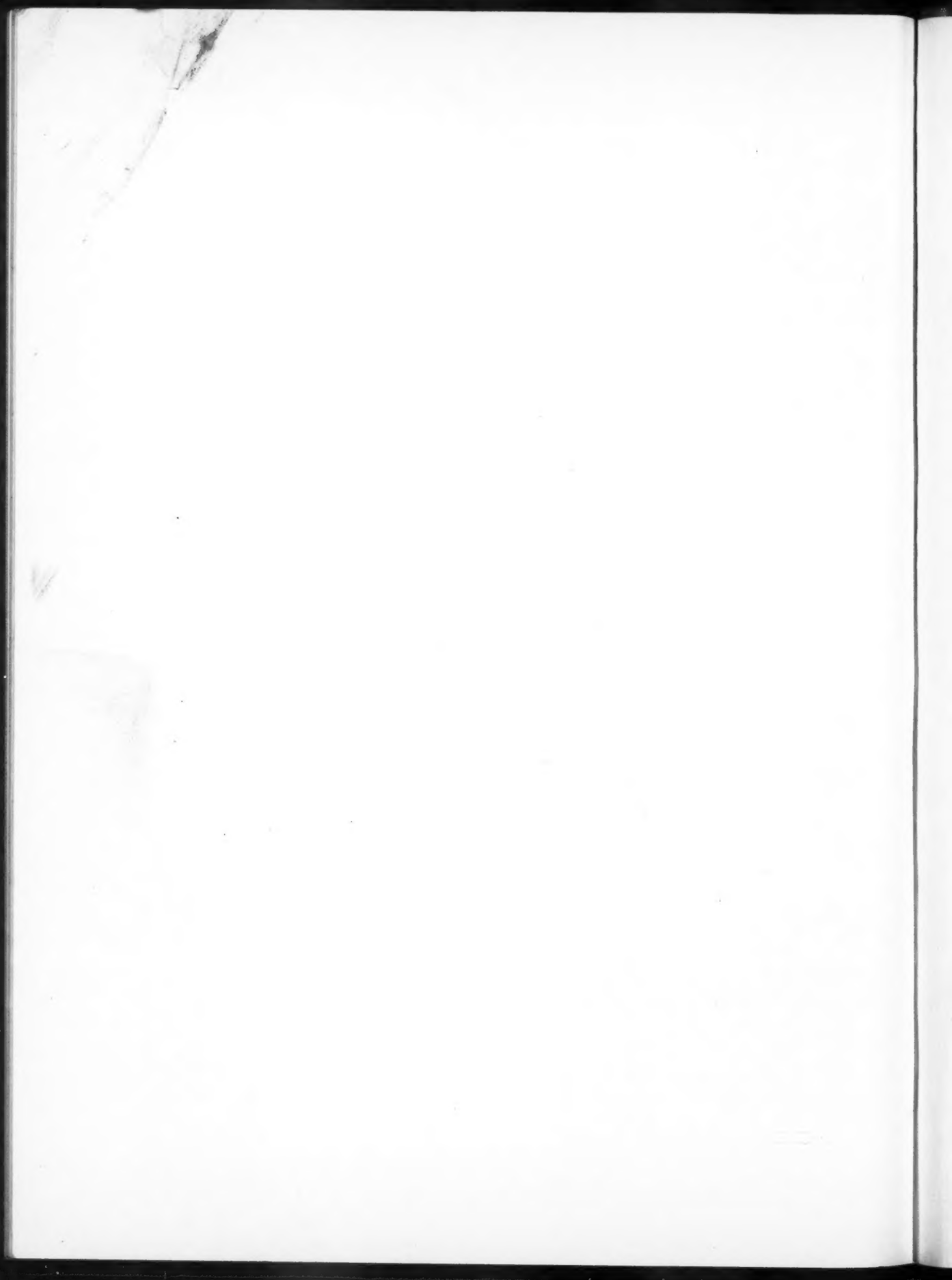
THAILAND

Revenue: Tax on income and wealth: income tax and automobile taxes only. Other tax revenue: including profits from rice export monopoly, aliens and gambling fees.

Expenditure: Contributions to provincial and local governments: including purchase of cars and boats for fire control, repair and maintenance of roads, bridges, etc. Other current expenditure: including cost of living allowance to all government employees, both civil and military up to 1956, and amounting to 2,274 million baht in that year. Beginning 1957 cost of living allowance to government employees is distributed to the appropriate heads.

VIET-NAM, REPUBLIC OF

Expenditure: Investment: developmental expenditure for 1958-1960.



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NATIONS

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